



**STATE OF MICHIGAN PROCUREMENT**  
 Department of Technology, Management & Budget –  
 Central Procurement Services  
 525 W Allegan St, Lansing, MI 48933  
 P.O. Box 30026, Lansing, MI 48909

**NOTICE OF CONTRACT**

NOTICE OF CONTRACT NO. 200000002198  
 between  
 THE STATE OF MICHIGAN  
 and

<b>CONTRACTOR</b>	Fidelity Information Services, LLC (FIS)
	601 Riverside Avenue
	Jacksonville, FL 32204
	Kim Bynan
	(414) 577-9861
	Kim.Bynan@fisglobal.com
	VC0006630

<b>STATE</b>	Program Manager	Various	DHHS
	Contract Administrator	Joy Nakfoor	DTMB - CPS
		517-249-0481	
		nakfoorj@michigan.gov	

<b>CONTRACT SUMMARY</b>			
<b>DESCRIPTION: Electronic Benefits Transfer (EBT) for SNAP and WIC programs</b>			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
November 1, 2020	September 14, 2027	1 – 3 year	
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		N/A	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
N/A			
MISCELLANEOUS INFORMATION			
<b>THIS IS NOT AN ORDER: This Contract Agreement is awarded on the basis of our inquiry bearing the Solicitation # 19000001593. Orders for delivery will be issued through the issuance of a Delivery Order (DO).</b>			
ESTIMATED CONTRACT VALUE AT TIME OF EXECUTION			<b>\$ 22,655,691.55</b>

**Program Managers  
for  
Multi-Agency and Statewide Contracts**

<b>AGENCY</b>	<b>NAME</b>	<b>PHONE</b>	<b>EMAIL</b>
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**FOR THE CONTRACTOR:**

\_\_\_\_\_  
**Company Name**

\_\_\_\_\_  
**Authorized Agent Signature**

\_\_\_\_\_  
**Authorized Agent** (Print or Type)

\_\_\_\_\_  
**Date**

**FOR THE STATE:**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Name & Title**

\_\_\_\_\_  
**Agency**

\_\_\_\_\_  
**Date**

# STATE OF MICHIGAN

Electronic Benefit Transfer (EBT) for Food and Cash Benefit Services and Women, Infants and Children (WIC) for MDHHS

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# STATE OF MICHIGAN

## STANDARD CONTRACT TERMS

This STANDARD CONTRACT (“**Contract**”) is agreed to between the State of Michigan (the “**State**”) and Fidelity Information Services (FIS) (“**Contractor**”), a limited liability company. This Contract is effective on November 1, 2020 (“**Effective Date**”), with a go-live date of September 15, 2021 and unless terminated, expires on September 14, 2027.

This Contract may be renewed for up to one (1) additional three (3) year period. Renewal is at the sole discretion of the State and will automatically extend the Term of this Contract. The State will document its exercise of renewal options via Contract Change Notice.

**1. Definitions.** For the purposes of this Contract, the following terms have the following meanings:

“**Accept**” has the meaning set forth in **Section 20**.

“**Acceptance**” has the meaning set forth in **Section 20**.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (including the terms “controlled by” and “under common control with”) means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of a Person.

“**Allegedly Infringing Materials**” has the meaning set forth in **Section 33**.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which the State is authorized or required by Law to be closed for business.

“**Business Owner**” is the individual appointed by the agency buyer to (a) act as the agency’s representative in all matters relating to the Contract, and (b) co-sign off on notice of Acceptance. The Business Owner will be identified in the Statement of Work.

“**Change**” has the meaning set forth in **Section 5**.

“**Change Notice**” has the meaning set forth in **Section 5**.

“**Change Proposal**” has the meaning set forth in **Section 5**.

“**Change Request**” has the meaning set forth in **Section 5**.

“**Confidential Information**” has the meaning set forth in **Section 38.a**.

“**Configuration**” means State-specific changes made to the Software without Source Code or structural data model changes occurring.

“**Contract**” has the meaning set forth in the preamble.

“**Contract Activities**” refers to the includes the Services, Deliverables, delivery of commodities, or other contractual requirements set forth in **Schedule A – Statement of Work**, including any subsequent Statement(s)

of Work, that the Contractor agrees to provide and the State agrees to purchase pursuant to the terms of this Contract.

**“Contract Administrator”** is the individual appointed by each party to (a) administer the terms of this Contract, and (b) approve any Change Notices under this Contract. Each party’s Contract Administrator will be identified in the Statement of Work.

**“Contractor”** has the meaning set forth in the preamble.

**“Contractor’s Bid Response”** means the Contractor’s proposal submitted in response to the State’s requests to obtain Contract Activities.

**“Contractor Personnel”** means all employees of Contractor or any Permitted Subcontractors involved in the performance of Services hereunder.

**“Deliverables”** means all materials, including, but not limited to Software, Documentation, written materials and commodities, that Contractor is required to or otherwise does provide to the State under this Contract and otherwise in connection with any Services, including all items specifically identified as Deliverables in **Schedule A - Statement of Work**.

**“Dispute Resolution Procedure”** has the meaning set forth in **Section 55**.

**“Documentation”** means all generally available documentation relating to the Software, including all user manuals, operating manuals and other instructions, specifications, documents and materials, in any form or media, that describe any component, feature, requirement or other aspect of the Software or Hosted Services (as defined in **Schedule A**), including any functionality, testing, operation or use thereof.

**“DTMB”** means the Michigan Department of Technology, Management and Budget.

**“Effective Date”** has the meaning set forth in the preamble.

**“Fees”** means collectively all fees collected by the Contractor pursuant to the terms of this Contract.

**“Financial Audit Period”** has the meaning set forth in **Section 42**.

**“Force Majeure”** has the meaning set forth in **Section 54**.

**“HIPAA”** has the meaning set forth in **Section 47**.

**“Intellectual Property Rights”** means all or any of the following: (a) patents, patent disclosures, and inventions (whether patentable or not); (b) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, together with all of the associated goodwill; (c) copyrights and copyrightable works (including computer programs), mask works and rights in data and databases; (d) trade secrets, know-how and other confidential information; and (e) all other intellectual property rights, in each case whether registered or unregistered and including all applications for, and renewals or extensions of, such rights, and all similar or equivalent rights or forms of protection provided by applicable Law in any jurisdiction throughout the world.

**“Key Personnel”** means any Contractor Personnel identified as key personnel in **Schedule A – Statement of Work**.

**“Law”** means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree or other requirement or rule of any federal, state, local or foreign government or political subdivision thereof, or any arbitrator, court or tribunal of competent jurisdiction.

**"Loss or Losses"** means all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the costs of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

**"Maintenance Release"** means any update, upgrade, release or other adaptation or modification of the Software, including any updated Documentation, that Contractor may generally provide to its licensees from time to time during the Term, which may contain, among other things, error corrections, enhancements, improvements or other changes to the user interface, functionality, compatibility, capabilities, performance, efficiency or quality of the Software.

**"New Version"** means any new version of the Software that the Contractor may from time to time introduce and market generally as a distinct licensed product, as may be indicated by Contractor's designation of a new version number.

**"Permitted Subcontractor"** has the meaning set forth in **Section 13**.

**"Person"** means an individual, corporation, partnership, joint venture, limited liability company, governmental authority, unincorporated organization, trust, association or other entity.

**"Pricing"** means any and all fees, rates and prices payable under this Contract, including pursuant to any Schedule or Exhibit hereto.

**"Pricing Schedule"** means the schedule attached as **Schedule B**, setting forth the Fees, rates and Pricing payable under this Contract.

**"Project Manager"** is the individual appointed by each party to (a) monitor and coordinate the day-to-day activities of this Contract, and (b) for the State, to co-sign off on its notice of Acceptance of the Deliverables. Each party's Project Manager will be identified in the Statement of Work.

**"Representatives"** means a party's employees, officers, directors, partners, shareholders, agents, attorneys, successors and permitted assigns.

**"RFP"** means the State's request designed to solicit responses for Contract Activities under this Contract.

**"Software"** means Contractor's software used in providing the Services to the State pursuant to this Contract.

**"Services"** means any of the services Contractor is required to or otherwise does provide under this Contract, including without limitation **Schedule A** - Statement of Work, and **Schedule E** – Contractor Hosted Software and Services (if applicable) **and/or any other Schedules, Attachments, or Exhibits which are included with and incorporated into this Contract.**

**"Source Code"** means the human readable source code of the Software to which it relates, in the programming language in which the Software was written, together with all related flow charts and technical documentation, including a description of the procedure for generating object code, all of a level sufficient to enable a programmer reasonably fluent in such programming language to understand, build, operate, support, maintain and develop modifications, upgrades, updates, adaptations, enhancements, new versions and other derivative works and improvements of, and to develop computer programs compatible with, the Software.

**"Site"** means the physical location designated by the State in, or in accordance with, this Contract or the Statement of Work for delivery or installation of the Contract Activities.

**"State"** means the State of Michigan.

“**State Data**” has the meaning set forth in **Section 37.a**.

“**State Materials**” means all materials and information, including equipment, documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

“**Statement of Work**” means any statement of work entered into by the parties and attached as a schedule to this Contract. The initial Statement of Work is attached as **Schedule A**, and subsequent Statements of Work shall be sequentially identified and attached as Schedules A-1, A-2, A-3, etc.

“**Stop Work Order**” has the meaning set forth in **Section 27**.

“**Term**” has the meaning set forth in the preamble.

“**Third Party**” means any Person other than the State or Contractor.

“**Transition Period**” has the meaning set forth in **Section 31**.

“**Transition Responsibilities**” has the meaning set forth in **Section 31**.

“**Unauthorized Removal**” has the meaning set forth in **Section 15**.

“**Unauthorized Removal Credit**” has the meaning set forth in **Section 15**.

“**Warranty Period**” means the period set forth in Schedule A, the Statement of Work, commencing on the date of acceptance of all Deliverables purchased pursuant to the terms of this Contract.

“**Work Product**” means all State-specific Deliverables, paid for with State funds that Contractor is required to, or otherwise does, provide to the State under this Contract including but not limited to written materials, computer scripts, State-specific software configuration, State-specific software customization, APIs, macros, user interfaces, reports, project management documents, forms, State-specific templates, and other State-specific documents and related materials together with all ideas, concepts, processes, and methodologies developed specifically for the State in connection with this Contract whether or not embodied in this Contract. Work Product does not include Software or any modifications to the Software, or Services made generally available to Contractor’s customers.

- 2. Duties of Contractor.** Contractor must perform the Services and provide the Deliverables described in **Schedule A – Statement of Work**. An obligation to provide delivery of any commodity is considered a service and is a Contract Activity.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards, unless otherwise specified in **Schedule A**.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

- 3. Statement(s) of Work.** Contractor shall provide the Contract Activities pursuant to Statements of Work entered into under this Contract. No Statement of Work shall be effective unless signed by each party’s Contract Administrator. The term of each Statement of Work shall commence on the parties’ full execution of the Statement of Work and terminate when the parties have fully performed their obligations. The terms and conditions of this Contract will apply at all times to any Statements of Work entered into by the parties and attached as a schedule to this Contract. The State shall have the right to terminate such Statement of Work as set forth in **Sections 28 and 29**. Contractor acknowledges that time is of the essence with respect to Contractor’s obligations under each Statement of Work and agrees that prompt and timely performance of all such obligations in accordance with this Contract and the Statements of Work is strictly required.

4. **Statement of Work Requirements.** Each Statement of Work may include the following: (a) names and contact information for Contractor's Contract Administrator, Project Manager and Key Personnel; (b) names and contact information for the State's Contract Administrator, Project Manager and Business Owner; (c) a detailed description of the Services to be provided under this Contract, including any training obligations of Contractor; (d) a detailed description of the Deliverables to be provided under this Contract; (e) a description of all liquidated damages associated with this Contract, if any; and (f) a detailed description of all State Resources, if any, required to complete the Implementation Plan, if such a Plan is necessary.
  
5. **Change Control Process.** The State may at any time request in writing (each, a "Change Request") changes to the Statement of Work, including changes to the Contract Activities (each, a "Change"). Upon the State's submission of a Change Request, the parties will evaluate and implement all Changes in accordance with this **Section 5**. No Change will be effective until the parties have executed a Change Notice. Except as the State may request in its Change Request or otherwise in writing, Contractor must continue to perform its obligations in accordance with the Statement of Work pending negotiation and execution of a Change Notice. Contractor will use its best efforts to limit any delays or Fee increases from any Change to those necessary to perform the Change in accordance with the applicable Change Notice. Contractor may, on its own initiative and at its own expense, prepare and submit its own Change Request to the State. However, the State will be under no obligation to approve or otherwise respond to a Change Request initiated by Contractor.
  
6. **Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or electronic logs if sent by facsimile or email.

<p><b>If to State:</b>                  Joy Nakfoor                  Constitution Hall, 1NE                  525 W Allegan St                  Lansing, MI 48933                  nakfoorj@michigan.gov                  517-249-0481</p>	<p><b>If to Contractor:</b>                  General Manager, FIS Government Solutions                  11000 W. Lake Park Dr.                  Milwaukee, WI 53224                  prashant.gupta@fisglobal.com                  414-815-1349</p> <p>With copy to:                  Chief Legal Officer                  Fidelity Information Services, LLC                  601 Riverside Avenue                  Jacksonville, FL 32204</p>
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7. **Performance Guarantee.** Contractor must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the Contract and must provide proof upon request. The State may require a performance bond (as specified in Schedule A) if, in the opinion of the State, it will ensure performance of the Contract.
  
8. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
<b>Commercial General Liability Insurance</b>	
<p><u>Minimum Limits:</u>                  \$1,000,000 Each Occurrence Limit                  \$1,000,000 Personal &amp; Advertising Injury Limit                  \$2,000,000 General Aggregate Limit                  \$2,000,000 Products/Completed Operations</p> <p><u>Deductible Maximum:</u>                  \$50,000 Each Occurrence</p>	<p>Contractor must add "the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents" as additional insureds.</p>
<b>Umbrella or Excess Liability Insurance</b>	
<p><u>Minimum Limits:</u></p>	<p>Contractor must have their policy follow form.</p>

\$5,000,000 General Aggregate	
<b>Automobile Liability Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Per Accident	Contractor must add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
<b>Workers' Compensation Insurance</b>	
<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
<b>Employers Liability Insurance</b>	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	
<b>Privacy and Security Liability (Cyber Liability) Insurance</b>	
<u>Minimum Limits:</u> \$2,000,000 Each Occurrence \$2,000,000 Annual Aggregate	Contractor must cover information security and privacy liability, privacy notification costs, regulatory defense and penalties, and website media content liability.
<b>Crime (Fidelity) Insurance</b>	
<u>Minimum Limits:</u> \$1,000,000 Employee Theft Per Loss	Contractor must have their policy: (1) cover forgery and alteration, theft of money and securities, robbery and safe burglary, computer fraud, funds transfer fraud, money order and counterfeit currency.

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work.

Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or delivery order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section; (c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

9. **Reserved.**

10. **Reserved.**

11. **Independent Contractor.** Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor’s employees and any subcontractors. Prior performance does not modify Contractor’s status as an independent contractor.

- 12. Intellectual Property Rights.** Contractor hereby acknowledges that the State is and will be the sole and exclusive owner of all right, title, and interest in the Work Product produced as part of the Contract Activities, and all associated intellectual property rights, if any. In general, Work Product constitutes works made for hire as defined in Section 101 of the Copyright Act of 1976. To the extent any Work Product, and related intellectual property do not qualify as works made for hire under the Copyright Act, Contractor will, and hereby does, immediately on its creation, assign, transfer and otherwise convey to the State, irrevocably and in perpetuity, throughout the universe, all right, title and interest in and to the Work Product, including all intellectual property rights therein. Contractor also irrevocably waives any and all claims Contractor may have now or hereafter have in any jurisdiction to so called "moral rights" or rights of *droit moral* with respect to the Work Product. If Contract Activities includes the purchase, use or access of software, such purchase, use, or access to Software shall be subject to **Schedules B and E** of this Contract.
- 13. Subcontracting.** Contractor will not, without the prior written approval of the State, which consent may be given or withheld in the State's sole discretion, engage any Third Party to perform Services. The State's approval of any such Third Party (each approved Third Party, a "**Permitted Subcontractor**") does not relieve Contractor of its representations, warranties or obligations under this Contract. Without limiting the foregoing, Contractor will: (a) be responsible and liable for the acts and omissions of each such Permitted Subcontractor (including such Permitted Subcontractor's employees who, to the extent providing Services or Deliverables, shall be deemed Contractor Personnel) to the same extent as if such acts or omissions were by Contractor or its employees; (b) be responsible for all fees and expenses payable to, by or on behalf of each Permitted Subcontractor in connection with this Contract, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits; and (c) notify the State of the location of the Permitted Subcontractor and indicate if it is located within the continental United States.
- 14. Staffing.** Contractor is solely responsible for all Contractor Personnel and for the payment of their compensation, including, if applicable, withholding of income taxes, and the payment and withholding of social security and other payroll taxes, unemployment insurance, workers' compensation insurance payments and disability benefits. The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor.
- 15. Key Personnel.** If, in the sole discretion of the State, Key Personnel are required to complete the Contract Activities, such Key Personnel shall be identified in **Schedule A - Statement of Work**. The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement, of any Key Personnel. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's Project Manager, and provide the State with a resume and any other information about the individual reasonably requested by the State. The State reserves the right to interview the individual before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State, which approval shall not be unreasonably withheld. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("**Unauthorized Removal**"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, promotion or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under **Section 28**.

It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under **Section 28**, Contractor will issue to the State an amount set forth in **Schedule A - Statement of Work** (each, an "**Unauthorized Removal Credit**").

- 16. Background Checks.** Pursuant to Michigan law, all agencies subject to IRS Pub. 1075 are required to ask the Michigan State Police to perform fingerprint background checks on all employees, including Contractor and Subcontractor employees, who may have access to any database of information maintained by the federal government that contains confidential or personal information, including, but not limited to, federal tax information. Further, pursuant to Michigan law, any agency described above is prohibited from providing

Contractors or Subcontractors with the result of such background check. For more information, please see Michigan Public Act 427 of 2018. Upon request, Contractor must perform background checks on all employees and subcontractors and its employees prior to their assignment. Contractor is responsible for all costs associated with the requested background checks. Contractor's standard background check consists of, at a minimum, verification of the highest level of education completed, verification of employment (as allowed by Law), social security number trace and validation, and a check of U.S. Government Specially Designated National (OFAC) and other export denial lists. In addition, to the extent permitted by law, the background check will include a 9-panel drug test and criminal record search. Contractor will not assign any employee to perform Services for the State if his/her background check findings do not meet the standards reasonably established by the State.

- 17. Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State; which shall not be unreasonably delayed or withheld. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
- 18. Change of Control.** Contractor will notify within 30 days of any public announcement, or otherwise once legally permitted to do so, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets related to the Services; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

- 19. Ordering.** Contractor is not authorized to begin performance until receipt of authorization as identified in Schedule A.
- 20. Acceptance.** Contract Activities are subject to inspection and testing by the State within 30 calendar days of the State's receipt of them ("**State Review Period**"), unless otherwise provided in Schedule A. If the Contract Activities are not fully accepted by the State, the State will notify Contractor by the end of the State Review Period that either: (a) the Contract Activities are accepted, but noted deficiencies must be corrected; or (b) the Contract Activities are rejected. If the State finds material deficiencies, it may: (i) reject the Contract Activities without performing any further inspections; (ii) demand performance at no additional cost; or (iii) terminate this Contract in accordance with **Section 28**, Termination for Cause.

Within 10 business days, or such other time as agreed to by the Parties, from the date of Contractor's receipt of notification of acceptance with deficiencies or rejection of any Contract Activities, Contractor must cure, at no additional cost, the deficiency and deliver unequivocally acceptable Contract Activities to the State. If acceptance with deficiencies or rejection of the Contract Activities impacts the content or delivery of other non-completed Contract Activities, the parties' respective Program Managers must determine an agreed to number of days for re-submission that minimizes the overall impact to the Contract. However, nothing herein affects, alters, or relieves Contractor of its obligations to correct deficiencies in accordance with the time response standards set forth in this Contract.

If Contractor is unable or refuses to correct the deficiency within the time response standards set forth in this Contract, the State may cancel the order in whole or in part. The State, or a third party identified by the State, may perform the Contract Activities and recover the difference between the cost to cure and the Contract price plus an additional 10% administrative fee.

- 21. Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling charges paid by Contractor, unless otherwise specified in Schedule A. All containers and packaging become the State's exclusive property upon acceptance.
- 22. Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to Contract Activities remains with Contractor. Contractor is responsible for filing, processing, and collecting all damage claims. The State will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities,

Contractor must remove them from the premises within 10 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 10 calendar days will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.

- 23. Warranty Period.** The warranty period, if applicable, for Contract Activities is a fixed period commencing on the date specified in **Schedule A**, and, for Software Hosted On-Site, **Schedule B**. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
- 24. Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in **Schedule A**. Invoices must include an itemized statement of all charges. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. All prices are exclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract.

The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed.

The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.

- 25. Payment Disputes.** The State may withhold from payment any and all payments and amounts the State disputes in good faith, pending resolution of such dispute, provided that the State: (a) timely renders all payments and amounts that are not in dispute; notifies Contractor of the dispute prior to the due date for payment, specifying in such notice: (i) the amount in dispute; and (ii) the reason for the dispute set out in sufficient detail to facilitate investigation by Contractor and resolution by the parties; (b) works with Contractor in good faith to resolve the dispute promptly; and (c) promptly pays any amount determined to be payable by resolution of the dispute.

Contractor shall not withhold any Contract Activities or fail to perform any obligation hereunder by reason of the State's good faith withholding of any payment or amount in accordance with this **Section 25** or any dispute arising therefrom.

- 26. Liquidated Damages.** Liquidated damages, if applicable, will be assessed as described in **Schedule A**. Amounts due the State as liquidated damages may be set off against any Fees payable to Contractor under this Contract, or the State may bill Contractor as a separate item and Contractor will promptly make payments on such bills.
- 27. Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or delivery order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
- 28. Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; or (d) breaches

any of its material duties or obligations; and fails to cure a breach within the time stated in a notice of breach. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a termination notice specifying whether Contractor must: (a) cease performance immediately, or (b) continue to perform for a specified period. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in **Section 29**, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, not to exceed \$1 million in the aggregate.

- 29. Termination for Convenience.** The State may terminate this Contract in whole or in part without penalty and for any reason by providing no less than thirty (30) days written notice to Contractor, except in the case of appropriation or budget shortfalls in which case termination may be immediate. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.
- 30. Effect of Termination.** Upon and after the termination or expiration of this Contract or one or more Statements of Work for any or no reason: (a) Contractor will be obligated to perform all Transition Responsibilities specified in **Section 31**; (b) all licenses granted to Contractor in State Data will immediately and automatically also terminate. Contractor must promptly return to the State all State Data not required by Contractor for its Transition Responsibilities, if any; (c) Contractor will: (i) return to the State all documents and tangible materials (and any copies) containing, reflecting, incorporating, or based on the State's Confidential Information; (ii) permanently erase the State's Confidential Information from its computer systems; and (iii) certify in writing to the State that it has complied with the requirements of this **Section 30** in each case to the extent such materials are not required by Contractor for Transition Responsibilities, if any.
- 31. Transition Responsibilities.** Upon termination or expiration of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 270 calendar days, "**Transition Period**"), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Contract Activities to the State or its designees. Such transition assistance may include, but is not limited to: (a) continuing to perform the Contract Activities at the established Contract rates; (b) taking all reasonable and necessary measures to transition performance of the work, including all applicable Contract Activities, training, equipment, software, leases, reports and other documentation, to the State or the State's designee; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; (d) transferring title in and delivering to the State, at the State's discretion, all completed or partially completed deliverables prepared under this Contract as of the Contract termination date; and (e) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**"). This Contract will automatically be extended through the end of the transition period.
- 32. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses in each case, of a third party (including those required to establish the right to indemnification), arising out of or relating to a claim made against the State by a third party alleging: (a) that the Services infringe, misappropriate, or otherwise violate any intellectual property rights of any third party; provided, however, that FIS shall not be liable for that part of any infringement or alleged infringement that results, in whole or in part, from: (i) use of a Service in a manner or for a purpose not specifically described in the Agreement or any Documentation; (ii) use of a Service in combination with computer programs, processes, hardware, software, data, systems, or services owned, licensed or provided by someone other than Contractor unless the Documentation or Specifications requires such a combination; (iii) modification, change, amendment, customization, or adaptation of any Service not made wholly by Contractor or its Subcontractor; or (iv) the State's failure to implement corrections or changes

provided by Contractor; (b) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (c) Contractor's failure to comply with laws applicable to Contractor as a provider of the Services.

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel (at the State's expense). Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

**33. Infringement Remedies.** If, in either party's opinion, any piece of equipment, software, commodity, or service supplied by Contractor or its subcontractors, or its operation, use or reproduction, is likely to become the subject of a copyright, patent, trademark, or trade secret infringement claim (collectively "**Allegedly Infringing Materials**"), Contractor must, at its expense: (a) procure for the State the right to continue using the Allegedly Infringing Materials, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) accept its return by the State with appropriate credits to the State against Contractor's charges and reimburse the State for any losses or costs incurred as a consequence of the State ceasing its use and returning it.

**34. Damages Disclaimers and Limitations.**

(a) Disclaimer of Damages. NEITHER PARTY WILL BE LIABLE, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT FOR CONSEQUENTIAL, INCIDENTAL, INDIRECT, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS AND LOST BUSINESS OPPORTUNITIES.

(b) Limitation of Liability. IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY TO THE OTHER PARTY UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE MAXIMUM AGGREGATE CONTRACT PRICE. As used in this clause, the term "Aggregate Contract Price" means the total price for the initial Term and all renewal terms of this Contract.

(c) Exceptions. The aggregate limitation of liability cap in above Subsection (b) (Limitation of Liability) is increased to 2 times the maximum aggregate contract price for liabilities arising from: (i) Contractor's obligation to indemnify under **Section 32** of this Contract; (ii) Contractor's breach of **Section 37.e** of this Contract (Loss or Compromise of State Data; and (iii) either party's gross negligence, fraud or willful misconduct.

**35. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any material litigation, investigation, arbitration, or other proceeding adversely affecting Contractor's or any subcontractor's ability to perform the Services under this Contract (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.

**36. Reserved.**

**37. State Data.** If the Contract Activities includes the hosting of State Data with Contractor or Permitted Subcontractors, Contractor must also comply with **Schedule F – Data Hosting and Security for Hosted Software and Services** of this Contract

- a. Ownership. The State's data ("**State Data**," which will be treated by Contractor as Confidential Information) includes: (a) the State's data collected, used, processed, stored, or generated as the result of the Contract Activities; (b) personally identifiable information ("**PII**") collected, used, processed, stored, or generated as the result of the Contract Activities, including, without limitation, any information that identifies an individual, such as an individual's social security number or other government-issued identification number, date of birth, address, telephone number, biometric data, mother's maiden name, email address, credit card information, or an individual's name in combination with any other of the elements here listed; and, (c) personal health information ("**PHI**") collected, used, processed, stored, or generated as the result of the Contract Activities, which is defined under the Health Insurance Portability and Accountability Act (HIPAA) and its related rules and regulations. State Data is and will remain the sole and exclusive property of the State and all right, title, and interest in the same is reserved by the State. This Section survives the termination of this Contract.
- b. Contractor Use of State Data. Contractor is provided a limited license to State Data for the sole and exclusive purpose of providing the Contract Activities, including a license to collect, process, store, generate, and display State Data only to the extent necessary in the provision of the Contract Activities. Contractor must: (a) keep and maintain State Data in strict confidence, using such degree of care as is appropriate and consistent with its obligations as further described in this Contract and applicable law to avoid unauthorized access, use, disclosure, or loss; (b) use and disclose State Data solely and exclusively for the purpose of providing the Contract Activities, such use and disclosure being in accordance with this Contract, any applicable Statement of Work, and applicable law; and (c) not use, sell, rent, transfer, distribute, or otherwise disclose or make available State Data for Contractor's own purposes or for the benefit of anyone other than the State without the State's prior written consent. This Section survives the termination of this Contract.
- c. Extraction of State Data. Contractor must, within seven (7) business days of the State's request or a mutually agreed upon timeframe if seven (7) business days is not reasonable based upon the scope of the request, provide the State, without charge and without any conditions or contingencies whatsoever (including but not limited to the payment of any fees due to Contractor), an extract of the State Data in the format specified by the State.
- d. Backup and Recovery of State Data. Unless otherwise specified in Schedule A, Contractor is responsible for maintaining a backup of State Data and for an orderly and timely recovery of such data. Unless otherwise described in Schedule A, Contractor must maintain a contemporaneous backup of State Data that can be recovered within two (2) hours at any point in time.
- e. Loss or Compromise of Data. In the event of misconduct, or breach of the Agreement on the part of Contractor that compromises or is suspected with a reasonable degree of certainty to compromise the security, confidentiality, or integrity of State Data, or the physical, technical, administrative, or organizational safeguards put in place by Contractor that relate to the protection of the security, confidentiality, or integrity of State Data, Contractor must, as applicable: (a) notify the State as soon as practicable but no later than twenty-four (24) hours, unless prohibited by law enforcement or regulators, of becoming aware of such occurrence; (b) cooperate with the State in investigating the occurrence, including making available all relevant records, logs, files, data reporting, and other materials required to comply with applicable law or as otherwise reasonably required by the State; (c) in the case of PII or PHI, where notice to the affected individuals is required by applicable law and/or federal regulator, reimburse the State for any costs of the State notifying the affected individuals whose PII or PHI was compromised; (d) in the case of the compromise of PII, provide third-party credit and identity monitoring services to each of the affected individuals who comprise the PII for the period required to comply with applicable law, or, in the absence of any legally required monitoring services, for no less than twelve (12) months following the date of notification to such individuals; (e) perform or take any other actions required to comply with applicable law as a result of the occurrence; (f) without limiting Contractor's obligations of indemnification as further described in this Contract, indemnify, defend, and hold harmless the State for any and all claims, including reasonable attorneys' fees, costs, and incidental expenses, which may be suffered by, accrued against, charged to, or recoverable from the State in connection with the occurrence; (g) be responsible for working with the State to recreate lost State Data not otherwise backed up by Contractor in accordance with the Contract terms, in the manner and on the schedule set by the State without charge to the State; and (h) provide to the State, to the extent known and to the extent possible, a detailed plan

within ten (10) business days of the occurrence describing the measures Contractor will undertake to prevent a future occurrence. Notification to affected individuals, as described above, must comply with applicable law, be written in plain language, not be tangentially used for any solicitation purposes, and contain, at a minimum, to the extent known and to the extent possible: a description of the nature of the loss; a list of the types of data involved; the known or approximate date of the loss; how such loss may affect the affected individual; what steps Contractor has taken to protect the affected individual; what steps the affected individual can take to protect himself or herself; contact information for major credit card reporting agencies; and, information regarding the credit and identity monitoring services to be provided by Contractor. The parties agree that any damages relating to a breach of this **Section 31** are to be considered direct damages and not consequential damages. This section survives termination or expiration of this Contract.

- f. State's Governance, Risk and Compliance (GRC) platform, if applicable. If the Contract Activities includes the purchase, use, or access to software, Contractor is required to assist the State with its security accreditation process through the development, completion and ongoing updating of a system security plan using the State's automated GRC platform, and implement any required safeguards or remediate any security vulnerabilities as identified by the results of the security accreditation process.

**38. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.

- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) if disclosed orally or not marked "confidential" or with words of similar meaning, was subsequently summarized in writing by the disclosing party and marked "confidential" or with words of similar meaning; and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.
- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns that any person who has had access to Confidential Information has violated the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.

- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party unless such information is required to be retained for a longer period under applicable law. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

**39. Data Privacy and Information Security.**

- a. Undertaking by Contractor. Without limiting Contractor's obligation of confidentiality as further described, Contractor is responsible for establishing and maintaining a data privacy and information security program, including physical, technical, administrative, and organizational safeguards, that is designed to: (a) ensure the security and confidentiality of the State Data; (b) protect against any anticipated threats or hazards to the security or integrity of the State Data; (c) protect against unauthorized disclosure, access to, or use of the State Data; (d) ensure the proper disposal of State Data; and (e) ensure that all employees, agents, and subcontractors of Contractor, if any, comply with all of the foregoing. In no case will the safeguards of Contractor's data privacy and information security program be less stringent than the safeguards used by the State, and Contractor must at all times comply with all applicable State IT policies and standards, which are available to Contractor upon request.
- b. Audit by Contractor. No less than annually, Contractor must conduct a comprehensive independent third-party audit of its data privacy and information security program and provide such audit findings to the State.
- c. Right of Audit by the State. Without limiting any other audit rights of the State, the State has the right to review Contractor's data privacy and information security program prior to the commencement of Contract Activities and from time to time during the term of this Contract. Upon request by the State, Contractor agrees to complete, within 6045 calendar days of receipt, an audit questionnaire provided by the State regarding Contractor's data privacy and information security program. Through its Client Portal, the State will have continuous electronic access to audit reports, attestations, and other detailed information regarding Contractor's internal systems testing and procedures, and Contractor's information security and data privacy controls. These audit materials and attestations evidence Contractor's compliance with industry and regulatory standards and include recent independent audits (such as SSAE 18s), third-party attestations and certifications (such as ISO certifications and PCI AoCs), and detailed information and testing results regarding physical, technical and administrative controls utilized by Contractor and the security of the State's Confidential Information. In addition, the State may attend any or all of the Contractor's In-Depth Conferences, which provide in-depth in-person discussions with Contractor's senior executive team regarding Contractor's information security and risk management processes and system testing results. The In-Depth Conferences provide comprehensive vendor diligence information, including (i) a thorough, interactive review of Contractor's enterprise-wide security and system controls, and (ii) specific assessments of industry standards and best practices for financial technology information security and risk management. Currently, Contractor offers four (4) In-Depth Conferences each year, with clients attending a two-day event onsite at different Contractor facilities.
- d. Audit Findings. Contractor must implement any required safeguards as identified by the State or by any audit of Contractor's data privacy and information security program.
- e. State's Right to Termination for Deficiencies. The State reserves the right, at its sole election, to immediately terminate this Contract or a Statement of Work without limitation and without liability if the State determines that Contractor fails or has failed to meet its obligations to secure State Data under this Section and such failure has put State Data in imminent risk.

**40. Reserved.**

**41. Reserved.**

- 42. Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension (“**Financial Audit Period**”). If an audit, litigation, or other action involving the records is initiated before the end of the Financial Audit Period, Contractor must retain the records until all issues are resolved.

Within 10 calendar days of providing notice and subject to Contractor’s policies for on-site visits, the State and its authorized representatives or designees have the right to enter (during normal business hours) and inspect Contractor’s premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 43. Warranties and Representations.** Contractor represents and warrants: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) Contractor will perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (c) Contractor will meet or exceed the operational standards, and specifications of the Contract; (d) Contractor will provide all Contract Activities in good quality, with no material defects; (d) Contractor will not interfere with the State’s operations; (e) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (f) Contractor must assign or otherwise transfer to the State or its designee any manufacturer’s warranty for the Contract Activities; (g) the Contract Activities are merchantable and fit for the specific purposes identified in the Contract; (h) the Contract signatory has the authority to enter into this Contract; (i) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor’s business, properties, finances, and operations as of the dates covered by the information; (j) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (k) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under **Section 28**, Termination for Cause. If Contract Activities includes purchase, use, or access to software, Contractor must agree to additional Warranties and Representations found in **Schedules B or D** of this Contract, as applicable.
- 44. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 45. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations applicable to it as a provider of the Services.
- 46. ADA Compliance.** The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. Contractor’s Service Software must comply, where relevant, with level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0.
- 47. HIPAA Compliance.** The State and Contractor, if Contractor receives PHI, must comply with all obligations under the Health Insurance Portability and Accountability Act (HIPAA) and its accompanying regulations, including but not limited to entering into a business associate agreement, if reasonably necessary to keep the State and Contractor in compliance with HIPAA. It is not contemplated that Contractor will receive PHI in connection with the Services.

48. **Reserved.**
49. **Reserved.**
50. **Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
51. **Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
52. **Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.
53. **Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.
54. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
55. **Dispute Resolution Procedure.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.
- Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
56. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
57. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
58. **Schedules.** All Schedules and Exhibits that are referenced herein and attached hereto are hereby incorporated by reference. The following Schedules are attached hereto and incorporated herein:

**Schedule A** Statement of Work

**Schedule B** Pricing and Fees

<b>Schedule E</b> (as applicable)	Support Services and Service Level Agreement for Hosted Services
<b>Exhibit 1 to Schedule E</b> (as applicable)	Contractor Hosted Software and Services
<b>Schedule F</b> (as applicable)	Data Hosting and Security for Hosted Software and Services
<b>Exhibit 1 to Schedule F</b> (as applicable)	Contractor's Disaster Recovery Plan
<b>Attachment B to Schedule A</b>	MDHHS Interface Record Layouts
<b>Attachment C to Schedule A</b>	MDHHS WIC Interface Records Layout
<b>Attachment D to Schedule A</b>	Federal REDE II Format
<b>Attachment E to Schedule A</b>	ALERT Submission Tape Specification
<b>Attachment F to Schedule A</b>	AMA Record Format for Batch Issuance File from Processor
<b>Attachment G to Schedule A</b>	STARS File Format
<b>Attachment H to Schedule A</b>	MDHHS WIC Summary Information
<b>Attachment I to Schedule A</b>	Definitions and Acronyms
<b>Attachment J to Schedule A</b>	SNAP EBT & WIC EBT Requirements
<b>Attachment K to Schedule A</b>	Michigan Security Requirements
<b>Attachment L to Schedule A</b>	Michigan Waivers
<b>Attachment M to Schedule A</b>	Michigan EBT Report Listing
<b>Attachment N to Schedule A</b>	Excessive Card Letter 4th
<b>Attachment O to Schedule A</b>	Excessive Card Letter 5th
<b>Attachment P to Schedule A</b>	SNAP EBT and WIC EBT Report List
<b>Attachment Q to Schedule A</b>	MDHHS EBT System Data Flow
<b>Attachment R to Schedule A</b>	Participating WIC Authorized Vendors and Single Function POS Locations
<b>Attachment S to Schedule A</b>	MDHHS POS Device Minimum Specifications
<b>Schedule I</b>	Federal Provisions Addendum

**59. Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and attachments and schedules and exhibits which are hereby expressly incorporated, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date; and (c) third, schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP,

CLICK-WRAP, CLICK-THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE OR ITS AUTHORIZED USERS FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.

60. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
61. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
62. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.

## **SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES**

This schedule identifies the requirements of this Contract. The contract will provide funding from the contract start date through the contract end date (7-year base period) with an option for a three (3) year contract extension. However, for accounting purposes, Michigan Department of Human Services (MDHHS) must encumber funds in each State fiscal year, which run from 10/1 through 9/30.

It must be understood that the State requires all Contractors and subcontractors to be housed and staffed within the United States of America. Data centers must be securely hosted, administered, and accessed in a data center(s) located within the continental United States of America.

### **BACKGROUND**

The State has supported a Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) program for delivery of public assistance since June 1, 1999. The current system tracks debits and credits, manages network and retailer participation, and provides management and accounting reports. SNAP EBT recipients are afforded access to their benefits through automated teller machines (ATMs) and both hard wired and wireless point-of-sale (POS) devices using their magnetic strip Michigan Bridge Card.

The Michigan Women, Infants and Children (WIC) program began using EBT in 2009. Currently there are approximately 1,022 WIC Authorized Grocers, 354 WIC Authorized Grocers with Pharmacy, 429 Project FRESH Farmers Markets, and 256 WIC Authorized Pharmacy Only retailers that solely provide infant formula. Michigan's average monthly WIC caseload is approximately 130,000 cases, with approximately \$13M in monthly redemptions.

The State's current WIC Management Information Systems (MIS) contractor is Three Sigma Software, but could change over the life of this Contract. The Contractor is required to use online transactions, follow American National Standards Institute (ANSI) X9.93 version 2-2014, and use an 8-digit Bank Identification Number (BIN)/Institution Identification Number (IIN). Additionally, the Contractor must support Michigan in its conversion to the most updated WIC Universal MIS EBT Interface (WUMEI) standards at the time of contract award and maintain compliance with WUMEI standards throughout the contract term.

Additional information regarding Michigan's current WIC system, redemption, enrollment, or authorized vendors is available upon request.

Any resulting system and services must be compatible with current Michigan Department of Human Services (MDHHS) systems and must use the existing Michigan Bridge Card (currently the Quest EBT Card). MDHHS currently has approximately 10,000 locations statewide that are involved to varying degrees in the provision of EBT services for Michigan clients, including using administrative terminals/software capacity and POS devices. The Contractor's system must accurately and efficiently furnish the following:

- Electronic benefit delivery of public assistance; to include SNAP, cash assistance (Temporary Aid to Needy Families - TANF), as well as Refugee Assistance (RA), State Family Independence Program (FIP), State Disability Assistance (SDA), Low Income Home Energy Assistance Program (LIHEAP and \$1LIHEAP), Special Supplemental Nutrition Program for WIC, and other programs as specified;
- Customer service for clients, State staff, retailers and third-party processors as needed;
- Michigan Bridge Card issuance service including card issuance equipment, upkeep, replacement, maintenance and all services to keep devices in good working condition;

- Broad client accessibility to cash and/or SNAP Benefits through ATM access and management of a comprehensive network of retailers;
- Reports for management and accounting purposes in established formats as well as future reports as deemed necessary by the State or the U.S. Department of Agriculture (USDA) and Food Nutritional Services (FNS);
- Training products and training services for clients, State staff, retailers and proprietors hosting the access machines;
- Redemption of WIC electronic benefits at Michigan WIC Authorized Retailers; and
- Expansion capability to accommodate the addition of other State programs as needed. The Women, Infants and Children (WIC) program is an example of an addition to the EBT system.

A list of specific terms used in this Contract is provided in Attachment I – Definitions and Acronyms.

## **SCOPE**

This service only Contract is for the operation, management and execution of the SNAP EBT and Cash Benefit services as well as WIC EBT. Michigan seeks a broad range of EBT services and functions to support the electronic delivery of public assistance benefits and other government related services to eligible recipients in the State.

The Contractor must support the federal requirement of processing interoperable SNAP and cash assistance transactions as well as online transactions. Electronic voucher clearing transactions must be processed for both Michigan and out-of-state (non-Michigan) EBT cards. In addition, the Contractor must have the capability of accepting and processing client transactions occurring at out-of-state (non-Michigan) retailers. The Contractor must support interoperable transactions for both Michigan and non-Michigan clients. With the recruitment of cash-only retailers, the Contractor must provide the necessary information of sources where information is available to allow retailers to set up interoperable EBT service.

Any references to Code of Federal Regulations (CFR) or Federal Regulations can be found at: <https://www.govinfo.gov/app/collection/cfr>. Any references to the most current WIC Operating Rules, WIC EBT Technical Implementation Guide 2018, or WUMEI Specifications can be found at: <https://www.fns.usda.gov/wic/wic-electronic-benefits-transfer-ebt-guidance>. Any reference to Bridges Administrative Manual (BAM) can be found at: <https://dhhs.michigan.gov/olmweb/ex/html/>.

Contractor will comply with all Federal and State Interface Requirements as specified in the following:

1. Attachment B – MDHHS Interface Records Layouts
2. Attachment C – MDHHS WIC Interface Record Layouts
3. Attachment D – Federal REDE II Format
4. Attachment E – ALERT Submission Tape Specification
5. Attachment F – AMA Record Format for Batch Issuance File from Processor
6. Attachment G – STARS File Format

## **1. REQUIREMENTS**

### **1.1. General Requirements**

The Contractor will support SNAP EBT and WIC EBT services for each of the below functions and their associated sub-functions:

- A. Account Establishment
- B. Card Issuance and Training
- C. Client Account Maintenance
- D. Transaction Processing
- E. Customer Service

- F. Retailer Management
- G. Federal and State Settlement
- H. Reporting

Services are required to support the following SNAP EBT State administered programs:

- I. Supplemental Nutrition Assistance Program (SNAP)
- J. Temporary Aid to Needy Families (TANF);
- K. Refugee Assistance (RA);
- L. Family Independence Program (FIP) State
- M. State Disability Assistance (SDA)
- N. Low Income Home Energy Assistance Program (LIHEAP) benefits
- O. \$1 LIHEAP
- P. Supplemental Security Income (SSI) (not currently in use by the State)
- Q. Disaster Food Assistance Program (DFAP)
- R. Disaster Relief Program Cash (DRPC)
- S. SNAP online utilization of benefits (not currently in use by the State)
  - 1. FNS is currently conducting a pilot to test and evaluate the acceptance of SNAP benefits [and cash EBT] to pay for online food purchases. Federal SNAP legislation requires that FNS use the pilot results to determine whether to require all States to allow online purchasing with SNAP benefits.
  - 2. Michigan has chosen to wait until FNS makes that determination and issues final guidance on requirements. The Contractor shall implement these requirements [, as part of its core pricing,] within the mandated timeframe. At a minimum, FNS expects to require the Contractor to:
    - a. Program the SNAP EBT system to recognize, accept and permanently store codes and data elements related to online transactions (as specified in X9.58-2013) including delivery street address and ZIP code
    - b. Accept online SNAP (and cash EBT) transactions only through FNS-approved secure online PIN-entry service providers; reject all online transaction requests coming from any other TPPs
    - c. Enable new transaction type/code to allow cash refunds for online retailers
    - d. Display/include cash refunds with other transaction types where appropriate for existing screens, reports and files
    - e. Enable new transaction method code/description to identify that the transaction was performed through an online website, rather than by swiping the card or key-entry of the card number
    - f. Display the new method code or description on all screens that would normally indicate the transaction was swiped or keyed
    - g. Include the new method code in all reports and State data files that normally indicate the transaction was swiped or keyed
    - h. Enable process that allows online retailers to submit SNAP (and cash EBT) refund that do not contain a PIN value

- i. Examine each incoming transaction to determine if it is coded as an online transaction and take appropriate actions as follows:
    - 1) Compare all SNAP (and cash EBT) online transactions to the REDE file to validate that the retailer's FNS number is classified as an Internet Retailer (IR) store type; if not then deny the transaction.
    - 2) Validate that retailers classified as IR only perform authorized online transactions (no voucher, [cash back, cash withdrawal,] store and forward or in-store/wireless POS)
    - 3) Deny PIN-less transactions from retailers not classified as IR
  - j. For online refund transactions from retailers classified as IR<sup>1</sup>:
    - 1) Validate card and FNS numbers against the original purchase transaction
    - 2) Ignore State-designated refund limits
  - k. Include all required data elements for online transactions in the ALERT file transmitted to FNS, utilizing version 2.00 of the ALERT specification.
  - l. Provide the standard [daily and monthly] online transaction summary totals report that was required to be developed for the pilot
  - m. Provide the standard [daily and monthly] online transaction detail file in CSV format that was required to be developed for the pilot
  - n. Display delivery street address and ZIP code on transaction detail screens
  - o. Include delivery street address and ZIP code in the daily activity file
  - p. Any additional State-specific requirements, to be determined at future dates.
3. The Contractor must be using the new ALERT version 2.0 specifications and version X9.58-2013. see Attachment E: ALERT Submission Tape Specification

Services are required to support the following WIC EBT State administered programs:

- WIC
- Summer EBT for Children (SEBTC)
- Farmer's Market Nutrition Program (FMNP), referred to as Project FRESH

The Contractor must be able to provide all requirements listed in this document as well as prepare for the additional requirements, costs, and methods (and ability) of including, but not limited to, the following for SNAP only, unless otherwise noted:

- T. Adhere to Michigan Public Act (PA) 193 of 2013 prohibiting the use of EBT cards at ATMs located at casinos and other gambling establishments, liquor stores, and establishments where entertainment is provided by unclothed individuals

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<sup>1</sup> For these retailers, the cardholder is not usually present (online) to enter a PIN or current card number at the time of a refund transaction. Instead, the online retailer identifies the specific purchase transaction that will receive a full or partial refund. The FNS-approved secure PIN-entry service provider matches the refund request back to the purchase transaction and ensures that the refunded value does not exceed the original amount. If there are multiple refunds for the same purchase, the service provider ensures that the total value of all refunds does not exceed the original purchase amount. They deny any excessive refunds. The service provider submits the card number and FNS number from the original purchase transaction in the authorization request to the EBT processor. There may be instances where one or both of these values is no longer valid.

Because there may be times (e.g., when a large order is cancelled) that a large refund would be warranted. This validation process described provides better controls and therefore is an acceptable replacement for the State-imposed refund limit.

- U. The methods and ability to block certain UPC codes/item types at retailers as required per Michigan S.B. 434 & 556 & H.B. 4858, 4859, 5014 & 5015;
- V. Provide photos on EBT cards. This is not currently being utilized in Michigan. However, Contractor must account for potential future functionality including the option for remote or central capabilities for accomplishing this task (WIC);
- W. Wireless options for Farmer's Markets (WIC optional);
- X. Produce Food and Nutrition Service (FNS) Adjustment Rule required letters and ensure holds placed on the appropriate account during the adjustment hearing process as specified by FNS rule 0584-AC61;
- Y. Meet the State's Excessive Card Replacement required communications and reporting obligation per MDHHS policy Bridges Administrative Manual (BAM) 401E:
  - 1. Policy mandates all card holders requesting a fourth (4<sup>th</sup>) EBT card replacement in a rolling 12-month period receive a card withholding letter via US Postal service notifying the recipient that they have reached the maximum number of issued cards and the procedures if a fifth (5<sup>th</sup>) card be requested. See Attachment N – Excessive Card Letter 4<sup>th</sup>.
  - 2. A fifth (5<sup>th</sup>) replacement card requests in a rolling 12-month period requires a second card withholding letter be sent via US Postal service. This letter states a mandatory discussion at the local MDHHS office with a Program Manager or County Director prior to issuing a fifth (5<sup>th</sup>) or any subsequent card replacement will take place. See Attachment O– Excessive Card Letter 5<sup>th</sup>.
  - 3. Cardholders with a positive disability indicator in Bridges are exempt from the policy and do not received excessive card replacement letters. However, they will be subject to applicable card replacement fees. FNS guidelines require EBT replacement cards for these individuals be available, either for pickup or to be mailed, within two business days of notification.

The requirements seek to provide Michigan the necessary support for all aspects of EBT service, interface with existing systems, transaction processing, process management, account maintenance, Contractor accountability monitoring, and problem resolution.

The Contractor must provide the State compatibility and consistency for client access across all benefit types. Supplemental Security Income (SSI) and other benefits/programs may be added at a future date. Should these programs be added, the Contractor and State will negotiate the additions as needed.

The State also seeks transparency for the customers during transition and requires the continued use of the Michigan Bridge Card as it is, file layouts as they currently exist, and reports layouts as defined by the State's current reports guide and examples.

## **1.2. Special Requirements**

The Contractor must comply with the following conditions:

- A. The requirements found in Internal Revenue Service (IRS) Regulation 139255-08 that apply to both cash and SNAP purchase transactions and to all EBT Contractors that deal with credit and debit card payments (not only SNAP). Cash withdrawals via ATM and POS are exempt from the requirements.
- B. Due to revisions to the IRS tax code, the EBT Contractor will be required to create and distribute IRS-1099 forms to EBT-only retailers and third-party processors (TPP) that perform more than 200 transactions totaling \$20,000.00 or more during any calendar year.

- C. Changes and/or alterations to the SNAP EBT/WIC system will be completed by the Contractor without charge to the State if those changes or alterations are required to meet Federal or State Rules, Regulations, or Legislation.
- D. Data center hosting, administration, and access must be within the continental United States of America.
- E. The State's requires that there will be no offshore outsourcing. All contract activities, no matter if done by the primary or a subcontracted vendor(s), must be performed within the United States.
- F. The Contractor must be able to block or restrict cash disbursements by providers (ATMs or Retailers) that the State deems inappropriate (example: ATMs accepting the Michigan EBT card at casinos).
- G. The Contractor must comply with the most current requirements found in the Federal WIC Regulations 7 CFR.246, WIC Technical Implementation Guide (TIG), WIC Universal MIS EBT Interface (WUMEI), X9.93-2:2014 Financial Transaction Message Protocols, and WIC Operating Rules.

### 1.3. Technical Environment

Connectivity is needed for the State and the Contractor to exchange electronic files that must be transferred only by the following manner:

- Local Offices
- State Data Exchange Gateway

All **Local office** connections must be routed through the State's Local Metropolitan Area Network (LMAN) network to the contractor Production Host system through the internet or through a private connection.

The **State Data Exchange Gateway** facilitates all file transfers between the State and the EBT contractor Production and Test Host system(s). Both the State and the Contractor initiate file transfers. There are 2 choices to access the State Data Exchange Gateway: through the internet or private connection.

Both of connections must pass through the State De-Militarized Zone (DMZ) Virtual Private Network (VPN) which controls State data sharing with outside entities.

#### Attachment A - VPN Tunnel Details

The State is giving the Contractor the option to bid on one or both connectivity options to the State Data Exchange Gateway. In the circumstance where the Contractor bids both solutions, the State will make the final decision. For each solution that is bid, the Contractor will describe redundant connection(s) in the event the primary connection fails.

In addition, the Contractor must develop and maintain an interface for the hosted system to directly interact and communicate with the State system to fulfill service requirements described herein. Any changes to the hosted system may impact the State system and must be clearly addressed in the Change Request and follow the SUITE process in collaboration with DTMB.

Attachment B – DHHS EBT Interface Record Layout supplies basic non-financial data about the cardholder and are used to setup new clients, to change client or alternate demographic information, to request new cards, as well as numerous other functions. Benefit Files are used to pass benefit authorization information including type of benefit, amount, and effective date of the benefit to the EBT system. Account Activity Files will transmit daily details of all financial transactions, denials, and balance inquiries that occurred during the day. Card Status Change Files provides card status changes performed via the Card Status Maintenance Screen daily.

#### **1.4. Deliverables**

Contractor must provide Deliverables/Services staff, and otherwise do all things necessary for/or incidental to the performance of work, as set forth below. The deliverables required are assurances that the EBT and WIC EBT services and the supporting infrastructure will meet the service level performance and other requirements set forth by the State.

Attachment J – SNAP EBT and WIC EBT Requirements and Deliverables, provides categories of services, describes the expectations associated with those services, and identifies deliverables required of the Contractor. The information represents the major Contractor responsibilities, not an exhaustive list. The State reserves the right to identify/propose additional project deliverables as necessary to assure effective performance. The deliverables identified consist of a number of outputs from the Contractor including: documents, coding, products, levels of service performance, and other deliverable items.

The Contractor will be required to deliver each of the specific formal deliverables shown in all applicable Attachments. If the deliverable is assessing a performance level, for example, a report will summarize the achievement of that performance with independently verifiable documentation attached. All collected data, work papers, source materials and backup documentation relating to these deliverables will become the sole property of the State at the conclusion of the contract. The Program Manager(s) (PM) will monitor the contract progress and provide sign off for these deliverables. The PM(s) will evaluate deliverables and provide formal acceptance within 15 working days if the deliverables are acceptable. If deficient, the deliverable in question will be returned with notification of the deficiencies for Contractor resolution and resubmission.

For those deliverables that require a Federal approval, the State cannot give final approval until Federal acceptance is first provided. Federal offices typically have a 30-day review period, but allowance of a 60-day period is required.

The State has identified a set of mandatory base SNAP EBT service requirements along with WIC EBT specific requirements that represent the primary services being procured. Unless otherwise specifically addressed, all of the requirements in Schedule A – Statement of Work, apply for WIC EBT and SNAP EBT. The base EBT service requirements include:

1. Account set-up and benefit authorization:  

Account setup functions/data submission will emanate from MDHHS for SNAP, TANF, RA, FIP State, SDA, LIHEAP benefits, \$1 LIHEAP, SSI (not currently in use), DFAP, DRPC, as well as WIC.
2. Card and PIN issuance
3. Training and training materials (client, staff and retailer)
4. Client account maintenance
5. Transaction processing
6. Customer service
7. Retailer management
8. Settlement
9. Reporting
10. Online application for administrative and client access

11. Adherence to all WIC EBT data interface requirements as outlined in <https://fns-prod.azureedge.net/sites/default/files/WICUniversalMISEBTInterfaceSpecification.pdf>
12. Additional deliverables as provided by the Contractor

#### **1.5. Errors**

The Contractor will be responsible for the following errors:

- A. The Contractor will be liable for Contractor errors in the authorization or disbursement into a customer account of funds related to state-administered programs as described in OMB Circular A-87, 2 CFR 200, 45 CFR 74 and 7 CFR 276. Each State is responsible for losses resulting from providing erroneous information to the Contractor.
- B. Transaction Processing and Settlement  
The Contractor will bear all liability for any losses resulting from errors or omissions including fraud and abuse on the part of the Contractor or its representatives or subcontractors. These liabilities will include, but not be limited to any duplicate or erroneous postings to a client account.
- C. Losses
  1. Any losses from funds drawn from an account after the client notified the Contractor that the card had been lost or stolen.
  2. Any losses from transactions performed with cards issued but not activated by the client and/or the Contractor.
- D. Damages  
Any damages or losses suffered by a Federal or State Agency due to negligence on the part of the Contractor.
- E. Benefit loss  
Any loss of benefits caused by fraud or abuse by the Contractor or its representatives or subcontractors.
- F. Excess Benefits  
Benefits paid out in excess of authorized recipient benefit amounts.

#### **1.6. Functional Requirements**

Prior to implementation, MDHHS must ensure that household benefits expire or terminate in accordance with program policy and ensure that the EBT system can perform all functional requirements set forth in the most current **7 CFR 274.8(A)**. Managing retailer participation in accordance with the most current **7 CFR 274.3(e)**.

#### **1.7. Performance and Technical Standards**

EBT systems must comply with all performance and technical standards set forth in the most current **7 CFR 274.8(b)(1-3)**.

#### **1.8. System ease-of-use**

SNAP EBT system must comply with all system ease-of-use requirements set forth in the most current **7 CFR 274.8(b)(4)**.

#### **1.9. Minimum card requirements**

Each card produced must comply with all minimum card requirements set forth in the most current **7 CFR 274.8(b)(5)**.

#### **1.10. POS terminals**

All POS terminals must meet the requirements set forth in the most current **7 CFR 274.8(b)(6)**.

#### **1.11. Transaction receipts**

A. **SNAP EBT Transaction receipts.** - For SNAP EBT Transactions, households will be provided printed receipts in accordance with the requirements set forth in the most current **7 CFR 274.8(b)(7)**.

B. **WIC Transaction receipts.**

Households must be provided printed receipts at the time of transaction. WIC Transaction receipts must comply with the most current WIC Operating Rules section 5.5.2.

**1.12. Performance bonding**

MDHHS will have the option to require a performance bond, or include a contractual clause to enforce the requirements described herein, as set forth in the most current **7 CFR 274.8(b)(8)**.

**1.13. Minimum transaction set**

The SNAP EBT system must meet all functionality requirements set forth in the most current **7 CFR 274.8(b)(9)**.

**1.14. Interoperability**

Uniform standards must be adopted for the SNAP EBT system to facilitate interoperability and portability nationwide, complying with all requirements set forth in the most current **7 CFR 274.8(b)(10)**.

**1.15. Concentrator Bank Responsibilities**

The concentrator bank used must comply with all requirements set forth in the most current **7 CFR 274.8(c)**.

**1.16. Re-Presentation**

A manual purchase system must be available for use when SNAP EBT system is unavailable, any such system must comply with all requirements set forth in the most current **7 CFR 274.8(d)**.

**1.17. Store and Forward**

With respect to SNAP EBT transactions and WIC EBT transactions while applicable, MDHHS will retain all options described in the most current **7 CFR 274.8(e)**, as an alternative to manual transactions, if any of the circumstances described arise.

**1.18. State Agency Requirements for Photo EBT Card Implementation**

Michigan does not currently offer/require a Photo EBT Card. However, Contractor must provide for and maintain an optional functionality for photo EBT cards, in the event that photo EBT Cards are made mandatory.

In the event photo EBT cards become available/mandatory, the Contractor must be responsible for an implementation/business plan for this option including associated costs, necessary materials and equipment as well as a state approved business process. Any and all requirements set forth in the most current **7 CFR 274.8(f)** must be accounted for and complied with.

**1.19. SNAP EBT Card Issuance**

Two SNAP EBT card issuance options are currently being used.

A. Option 1 - Mail Cards:

If Contractor card issuance by mail is indicated in the Demographic File, the Contractor will assign a PAN and issue a fully encoded and personalized Michigan SNAP EBT Card to the client. The card will meet the requirements specified in this section. The Contractor will propose a secure card activation procedure for cards that are mailed to the client. The Contractor will be liable for loss or misuse of the card until the client activates it. A card issuance request received by the Contractor by 11:59 p.m. Eastern Standard Time (EST) will be delivered to the Post Office no later than 3:00 p.m. on the next business day for mailing to the client.

B. Option 2 - Over the Counter Card Issuance:

The Contractors will propose a method for State and local agencies to provide clients with the same day over the counter (OTC) card and PIN issuance. OTC card issuance will be executed by a card issuance/PIN selection transaction from an administrative terminal in a local State agency office. The PAN for OTC card issuance must include a number identifying OTC cards as OTC. The Contractors will propose a means for requesting, delivery (including delivery timeframes from request date), tracking, and accounting for card stock inventoried at State agency offices. The Contractor will be liable for loss or misuse of cards or card stock until the card stock is received at the designated State location(s). If it is necessary to place equipment in MDHHS offices to meet the requirements for this option.

#### **1.20. WIC Technical Implementation Guide**

Pursuant to the most recent WIC Technical Implementation Guide, please refer to link for WIC EBT Technical Implementation Guide under scope.

#### **1.21. SNAP EBT Card Replacement**

The Contractor will provide the functionality to replace lost, stolen, or non-functioning EBT cards. A replacement card will carry a new PAN. A previous PAN will not be reissued. Client training will instruct a client to report a lost, stolen or non-functioning Michigan SNAP EBT Card to the toll-free customer service number help line for deactivation. The Customer Service Representative must use an agreed upon or reliable voice password(s), including the current mailing address identified on the administrative terminal, and either the four (4) digits of the recipient's social security number, date of birth, or other data available from the cardholder's master file for client identification if the PAN is not available.

Methods for issuing replacement cards will be the same as the issuance options described in Section 6.2.D.14 - Card and Pin Issuance. In replacing cards, the Contractor will also meet the time frames for card and PIN issuance specified in the card issuance specifications. SNAP EBT card replacements must be congruent with the most current FNS policy **7 CFR 274.6(b)**.

The Contractor is expected to identify clients with excessive card replacements, create and send data files to the State, send appropriate State approved letters to clients, and flag excessive accounts to deny card replacement until the client contacts the local office director to discuss their excessive replacements per MDHHS policy BAM 401-E Electronic Benefit Transfer Issuance System, page 2-3.

The Contractor shall account for system functionality to allow for the reversal of SNAP EBT card replacement fees as determined by the State. This can be accommodated through an administrative terminal transaction or through a list provided to the Contractor by the State.

#### **1.22. Activate Michigan SNAP EBT Card**

The Contractor will allow the below PAN activation procedures:

- In the local office, using a provided PIN-select device
- Via toll-free call to the Contractor recipient customer service Interactive Voice Response Unit (IVRU)
- Through the Cardholder Portal
- Via the *ebtEDGE* Mobile Application

#### **1.23. De-Activate Michigan SNAP EBT Card**

The Contractor will cause the Michigan SNAP EBT Card (PAN) to be deactivated immediately when a card is reported lost, stolen, or non-functioning, when the account is closed, or when the card is revoked through an administrative terminal transaction. The Contractor will be liable for any transaction by a card after it has been reported lost, stolen, or non-functioning and/or has been de-activated. The Contractor will maintain and report records of client reports of lost, stolen, or non-functioning EBT cards. Such tracking will include recording of card number, the date and time of the report, condition (reason for

reporting) of the card, and other information to be negotiated between the State and the Contractor. The Contractor will track transaction attempts by a de-activated card. Such tracking will include recording of card number, the date, time, and location of transaction attempts, and other information to be negotiated between the State and the Contractor.

**1.24. SNAP EBT Card Suspension for Invalid PIN Attempts**

After four (4) successive invalid PIN attempts in a 24-hour period the Contractor will suspend the card for 24 hours. The Contractor will track invalid PIN attempts and will track transaction attempts by a suspended card. Such tracking will include recording of card number, the date, time, and location of transaction attempts, and other information to be negotiated between the State and the Contractor. All Contractors will propose secure methods for activating a suspended card.

**1.25. SNAP EBT Issue PIN**

Clients will obtain a 4-digit PIN through PIN assignment by the Contractor (mail), by selection at a PIN selection terminal, or through remote PIN selection via toll-free customer service IVRU, Cardholder Portal, or mobile application. The PIN offset will reside at the EBT host; not on the EBT card. Cards and PIN Issuance must be compatible with the most current FNS policy **7 CFR 274.8**.

**1.26. SNAP EBT Assign PIN**

Recipients will have at least two (2) options to assign a PIN number to a card. On the initial mailed SNAP EBT card, the client will be required to call the IVRU to PIN the card or the recipient may visit the local office to have the card PIN assigned via the POS device. Replacement cards carry the previous card PIN. There is no need to activate or PIN replacement cards. OTC SNAP EBT cards can be issued and PINNED at the local office location.

**1.27. SNAP EBT Client Account Maintenance**

The primary purpose of client account maintenance is to ensure that accurate and timely information regarding client account balances, account status, and client demographic information is maintained.

**A. Maintain Account Balances**

Benefit balances for cash benefit programs will be commingled in a pooled cash account, while benefit balances for Food Assistance and WIC electronic benefits will be maintained separately and cannot be commingled.

**B. Maintain Account Balance and Transaction History**

Current account balances and a rolling three (3)-year transaction history for each account (Cash Assistance, Food Assistance Benefits, and WIC), will be maintained for online access through administrative terminals or the Customer Service Unit. After three (3) years, transaction history data will be electronically maintained off-line for an additional seven (7) years. At a minimum, transaction histories will include:

1. Client name
2. Client Unique ID
3. PAN (card number)
4. EBT account number
5. Benefit program identifier
6. Transaction amount
7. Transaction date
8. Transaction time
9. Acquirer identifier
10. Account Voids

11. Account Settlements.

A transaction history of the last ten (10) transactions, specified by program type, will be available to the client through the Customer Service IVRU for WIC, SNAP EBT and TANF Cash. More extensive transaction history will be available through customer service upon request at 1 (888) 678- 8914 or TTY 1 (800) 649-3777.

**C. Respond to Balance and Transaction History Inquiries**

Information regarding account balances must be available to the client 24-hours per day through the Customer Service IVRU toll free number, and POS terminals with balance inquiry capability. Transaction history regarding Food Assistance, WIC, and cash accounts will be available to the client 24-hours per day through the Customer Service IVRU toll free number, POS terminals, or Internet access.

The State will have access to client balance and transaction history data through administrative terminals or software. The contractor must provide account software access to USDA FNS. WIC and SNAP EBT must have separate cards and different PAN numbers. Account holders must directly contact the applicable Federal resource for balance and transaction history information for these benefits.

**D. Post Benefits (Credits)**

Benefits will be authorized for posting to the client's account, at a minimum, once per month according to a schedule established by the State. The preference is to stagger monthly benefit authorization across the month (WIC electronic benefits are issued throughout the month) to prevent long lines at ATMs and POS merchant sites at the first of the month. Due to changes in client status, or for new cases, benefits will also be authorized by the State throughout the month.

The current month's authorized benefit allotment will be added to any benefit balance remaining in the account at the time of posting for all programs except WIC. WIC Food Packages expire at the end of the benefit period with no rollover.

In addition to benefit authorizations, Food Assistance refunds at the POS in merchant locations will also result in a credit to client accounts. Cash refunds of Food Assistance benefits are not permitted. The Contractor will ensure that Food Assistance refunds are posted to the Food Assistance account. WIC Refunds are not allowed, only like kind exchanges.

**Note:** WIC electronic benefits differ from Food Assistance and Cash benefits as they are only valid for a specific period of time (start dates and end dates are sent in the food benefit record).

1. Current Issuance Schedule for Food Assistance Benefits;

<b>Individual/Recipient ID ending in:</b>	<b>Benefit availability date:</b>
0	3 <sup>rd</sup> of the benefit month
1	5 <sup>th</sup> of the benefit month
2	7 <sup>th</sup> of the benefit month
3	9 <sup>th</sup> of the benefit month
4	11 <sup>th</sup> of the benefit month
5	13 <sup>th</sup> of the benefit month
6	15 <sup>th</sup> of the benefit month
7	17 <sup>th</sup> of the benefit month
8	19 <sup>th</sup> of the benefit month
9	21 <sup>st</sup> of the benefit month

2. Current Issuance Schedule for Cash Assistance Benefits:

**BRIDGES – CASH ASSISTANCE ISSUANCE SCHEDULE**

Grantee ID Ending	First Half Benefits Available	Second Half Benefits Available
0-1	5 <sup>th</sup>	15 <sup>th</sup>
2-3	6 <sup>th</sup>	16 <sup>th</sup>
4-5	7 <sup>th</sup>	17 <sup>th</sup>
6-7	8 <sup>th</sup>	18 <sup>th</sup>
8-9	9 <sup>th</sup>	19 <sup>th</sup>

**E. Post Debits**

The Contractor will capture and post account debit transactions immediately to ensure that client accounts are not overdrawn and there are sufficient balances to cover any authorized transactions.

**F. Maintain Account Status**

An account status will be maintained for each client:

1. **Active**  
Accounts for which ongoing financial transactions are being posted will be designated as active accounts.
2. **Expunged**  
Food Assistance Benefits will be expunged after 365 days of inactivity. Cash Benefits will be expunged if they have not been accessed within 365 days, or as specified by the State. The Contractor will expunge the benefits daily and will report all expungements back to the State. Expunged benefits cannot be reinstated. WIC electronic benefits are expunged (expired) at the end of each benefit period (start dates and end dates are included in the food benefit layout record).

**G. Administrative Actions**

1. **Account Update**  
Upon notification by the State, the Contractor will change information in the Cardholder's Master File. The Contractor will protect the privacy of the Cardholder's Master File.
2. **Account**  
Upon receipt of the adjustment transaction, the Contractor will post the transaction to the client's account.
3. **Expungement**  
The Contractor will, according to the specified program expungement rules, automatically expunge a SNAP EBT or CASH EBT account and report the expungement to the appropriate agency.
4. **Re-obligation**  
Upon notification by the administering agency, the Contractor will re-obligate or transfer benefits from one SNAP EBT account to another SNAP EBT account. Re-obligations are non-settling transactions.
5. **Hold Benefits**  
When manual Food Assistance transactions are performed, the retailer will obtain a verbal authorization from the Contractor. The Contractor will hold benefits authorized by verbal authorization for up to 15 days. (The retailer or acquirer will be required to convert the manual Food Assistance transaction to an electronic transaction for transmission to the Contractor.) If the manual transaction is presented for settlement within 15 calendar days from the date of authorization, the Contractor will debit the client account and settle the transaction. If the manual transaction is not presented within 15 calendar days from the authorization date, the Contractor will release the hold on benefits and make them

available for client access, and the retailer or acquirer bears the liability for the transaction if benefits are not available.

#### 6. Adjustment Processing

Transaction Adjustments – The Contractor and/or retailer/TPP can initiate an adjustment to resolve error and out-of-balance related to system problems. The contractor, on behalf of a client complaint, can initiate an adjustment to resolve a transaction error. The adjustment will reference an original settled transaction, which is partially or completely erroneous. The Contractor must have the capability to process the adjustment and have this reflected in the client's account. Adjustments made by the Contractor will cause money to be moved either to or from the client's SNAP EBT Account and will impact the daily settlement. Notification must be provided to the State of pending debit adjustments so that notification can be provided to the client.

The EBT Contractor must adjust an account to correct an auditable, out-of-balance settlement condition that occurs during the redemption process as a result of a system error. A system error is defined as an error resulting from a malfunction at any point in the redemption process: from the system host computer, to the switch, to the third-party processors, to a store's host computer or POS device, etc. These adjustments may occur after the availability date and may result in either a debit or credit to the household.

- a. Client-initiated adjustments. The EBT Contractor must act on all requests for adjustments made by client households within 90 calendar days of the error transaction. The EBT Contractor has 10 business days from the date the household notifies it of the error to investigate and reach a decision on an adjustment and move funds into the client account. This timeframe also applies if the EBT Contractor or entity other than the household discovers a system error that requires a credit adjustment to the household. Business days are defined as calendar days other than Saturdays, Sundays, and Federal holidays.
- b. Retailer-initiated adjustments. The EBT Contractor must act upon all adjustments to debit a household's account no later than 15 business days from the date the error occurred, by placing a hold on the adjustment balance in the household's account. If there are insufficient benefits to cover the entire adjustment, a hold must be placed on any remaining balance that exists, with the difference being subject to availability only in the next future month. The household shall be given, at a minimum, adequate notice in accordance with 7 CFR 273.13 Notice of Adverse Action. The notice must be sent at the time the initial hold is attempted on the household's current month's remaining balance, clearly state the full adjustment amount, and advise the household that any amount still owed is subject to collection from the household's next future month's benefits.
  - 1) The household must have 90 days from the date of the notice to request a fair hearing.
  - 2) Should the household dispute the adjustment and request a hearing within 10 days of the notice, a provisional credit must be made to the household's account by releasing the hold on the adjustment balance within 48 hours of the request by the household, pending resolution of the fair hearing. If no request for a hearing is made within 10 days of the notice, the hold is released on the adjustment balance, and this amount is credited to the retailer's account. If there are insufficient funds available in the current month to cover the full adjustment amount, the hold may be maintained and settled at one time after the next month's benefits become available.

### **1.28. SNAP EBT Transaction Processing**

The Contractor will receive and process Michigan client ATM and POS EBT transactions. These transactions will be routed from the point of origination through a commercial switch or a direct connection to the Contractor.

#### **A. Transaction Authorization Request**

When a transaction authorization request is received, the Contractor will provide the following transaction processing capability:

1. Determine and record the transaction type.
2. Determine the fee structure and payee for all transactions.
3. Charge fees, as permitted contractually, to client accounts
4. Authorize the transaction if:
  - a. The merchant has a valid FNS or State WIC authorization number (if required).
  - b. The client PIN is verified.
  - c. The Card Authentication Value (CAV) is verified (values will be neither the default value nor all zeros).
  - d. There is a sufficient balance in the account.

#### **B. Restricted ATM list**

The EBT Contractor must establish and maintain a restricted ATM list such as casinos, adult entertainment establishments, and liquor only stores per Michigan S.B. 434 & 556 & H.B. 4858, 4859, 5014 & 5015:

The EBT contractor is responsible for maintaining, editing, and providing reports of restricted ATM locations.

#### **C. Transaction Sets**

At a minimum, the Contractor will support and process, ATM, POS, and Adjustment transaction sets. Transactions from the MDHHS cash assistance account can be supported by the checking account/debit account function/key. The Food Assistance account, however, must be a separate account and use a separate function/key. ATM, POS and Adjustment sets include, but are not limited to:

1. ATM Transactions:

Withdrawal from cash account with available balance returned (if ATM's allow balance return). WIC is excluded from ATMs.
2. POS Transactions:
  - a. Food Assistance purchase from Food Assistance Account with available balance returned
  - b. Purchase only from Cash Account including purchase with cashback from Cash Account
  - c. Balance inquiry from Food Assistance Account
  - d. Balance inquiry from Cash Account
  - e. Cash only from Cash Account
  - f. Food Assistance merchandise refund transaction

- g. Cancellation
- h. Correction
- i. Manual Food Assistance transaction
- j. Manual submission/resubmission of Food Assistance transaction
- k. Key-entered transaction

**D. Transaction Routing**

The Contractor will recognize and receive transactions through the following transaction routings:

1. ATM Routings:  
Only the EBT cash account will be accessible at participating ATM terminals. There are three ways in which an acquirer's ATMs can access the client authorization database at the Contractor:
  - a. Commercial Network or Switch Routing: Transactions route from the acquirer through one or more networks or switches to access the Contractor for authorization.
  - b. Direct Connect: The acquirer maintains a direct connection to the Contractor.
  - c. Proprietary Transaction Routing: The Contractor acts as the acquirer for ATM transactions.
2. Point-of-Sale (POS) Routings:  
Cash, Food Assistance, and WIC accounts are accessible at POS terminals. A merchant can access the client authorization database by a direct connect to the Contractor, or by going through a commercial switch.

**E. Merchant Validation:**

For all SNAP transactions the Contractor will validate that the transactions originated at an FNS authorized retail merchant location (refer to Retailer Participation Requirements as described in the most current Code of Federal Regulations, **7 CFR 274.12**). The FNS retailer authorization number will be included in the Food Assistance transaction message. Requirements for merchant validation include maintaining a database of authorization numbers for all FNS authorized retail merchants. The merchant number transmitted in the transaction message must be validated against the database prior to proceeding with transaction processing.

**F. Transaction and Fee Accounting**

In processing transactions, the Contractor will maintain the integrity of its system by accounting for transactions by program and accounting for transaction fees. The Contractor will track total number of transactions by transaction type and merchant.

1. Transaction Accounting  
Each transaction must be allocated to the appropriate cash, Food Assistance, or WIC account. In addition, a general ledger account for each benefit program and each client cardholder account must be maintained. Changes in client account balances must be congruent to changes in program benefit obligations outstanding at the end of each 24-hour processing cycle. The changes in program and client account balances must be reflective to the value of the day's transactions.
2. Fee Accounting  
The Contractor will have the capability to track and account for both government paid and client paid transaction fees on a monthly basis. The Contractor may elect to deduct the client paid fees from the client account at the time of the transaction or may accumulate

fees for deduction at the beginning of the next month. If the Contractor elects to deduct fees at the beginning of the next month, it will be at its own risk. If the Contractor elects to deduct a client fee at the time of the transaction, the Contractor will ensure that the client has a sufficient cash account balance to cover both the withdrawal and the fee. The Contractor will also ensure that the Government is billed only for those fees for which the client is not responsible.

**G. Stand-In Authorization Processing for Food Assistance Transactions**

The Contractor may elect to have an agreement with a network to provide stand-in processing for Food Assistance transactions if all parts of the SNAP EBT system are operating except for the Contractor System. Such stand-in authorization procedures will provide for a maximum stand-in authorization dollar amount of \$40 per day per Michigan SNAP EBT Account and will be conducted at the Contractor's risk. Such stand-in authorization procedures are not allowed for WIC.

**1.29. SNAP EBT Retail Merchant Management**

Below are the requirements that the Contractor will meet for managing the participation of retail merchants in Michigan. The State currently has 10,033 actively enrolled food retailers, 167 farmer's markets, 54 Fruits and Vegetable Stands and 10,650 ATMs. The State requires the Contractor to acquire as many charge free ATM providers as possible. In addition to the acquiring responsibilities that must be met when the Contractor acts in the capacity of a transaction acquirer the Contractor will meet the following requirements:

**A. Managing the Food Assistance Program Merchant Validation Database**

The Contractor will develop and maintain a Michigan FNS food retailer database management system which will meet or accomplish, at a minimum, the functional requirements listed below. The retailer databases will be comprised of records of retailers authorized to participate in the Food Assistance Program.

1. The Contractor will develop and maintain a database and database management system that is structured to ensure that accurate EBT transaction detail data pertaining to each retailer are captured.
2. The Contractor will provide physical and access security to the retailer management data and will ensure the privacy of confidential data.
3. The Contractor will electronically acquire Food Assistance retailer authorization numbers from FNS and maintain a mechanism for obtaining data updates. This function is vital to maintaining the integrity of the SNAP EBT system in assuring that only authorized retailers are redeeming Food Assistance benefits.
4. For all Food Assistance transactions that originate from authorized locations, the Contractor will validate the transactions. The FNS retailer authorization number will be included in the Food Assistance transaction message.

All WIC Authorized Vendors will be approved by WIC Vendor Management staff who will assign a WIC Contractor ID. All WIC transactions originating from authorized WIC locations will be required to have the WIC Contractor ID validated. WIC Vendor Management staff will update the authorized WIC Vendors on a daily/as needed basis. The Contractor's system must be able to handle a begin WIC transaction date and an end WIC transaction date for all WIC Authorized Vendors, allowing WIC Vendor Management staff the ability to stage activation and deactivation of WIC Authorized Vendors.

**B. Authorized Merchant Validation**

The Contractor will maintain a database of the seven (7)-digit authorization numbers for all Michigan FNS authorized retail merchants. The merchant number transmitted in the transaction message must be validated against the database prior to proceeding with transaction processing.

Contractor will receive daily updates to the FNS retailer database. The Contractor will transmit FNS required information daily on retailer Food Assistance redemption to the FNS Benefit Redemption Systems Branch (BRSB).

**C. Food Assistance Retailer Management Data Exchange Requirements**

The Contractor is responsible for receiving retailer data from the authorizing Government agencies.

1. The Contractor will establish a mechanism for receiving and confirming receipt of electronic file transmissions of retailer records from the FNS BRSB.
2. The Contractor will ensure that a new retailer/provider is enabled to conduct Food Assistance transactions within two weeks of communication of authorization from the BRSB if the Contractor acts as the acquirer or within 30 days or by mutual agreement for retailers processing through another acquirer or third party.
3. Food Assistance Retailer Disqualification, File Updates. The Contractor will receive a list from FNS from the BRSB updates (transmitted weekly) to the Food Assistance retailer management database.
4. The Contractor will suspend or de-authorize the Food Assistance transaction processing privileges of a retailer within 48 hours of notification by the BRSB that the retailer is de-authorized/suspended.
5. WIC reporting requirements are found in Attachment P – SNAP EBT and WIC EBT Report List.

**D. Participation by Merchants in Providing Cash Access**

The Contractor will permit all retailers to provide cash-access services to SNAP EBT clients. Authorization of cash-access retailers and maintenance of a database of cash-access retailers are required.

**1.30. SNAP EBT Settlement**

The Contractor's EBT host will operate on a 24-hour processing cycle. At a designated cutoff time each day (provided below), the Contractor will close out the current processing day and commence the next processing day.

**A. Daily Cutoff and Balance Processing**

The standard daily cutoff time for EBT transaction processing will be 3:00 P.M. EST so that the daily settlement reports are available by 3:45 P.M. EST the same day.

1. Maintain General Ledger Accounts
  - a. The Contractor will maintain ledger accounts at the client, program, and Government agency levels. Subsequent to cutoff, the EBT system must be balanced and reconciled. The Contractor will compute the end of day net position or balance for each general ledger account. For each account, the end of day net position is equal to:
    - 1)  $\text{Opening balance} + \text{credits} - \text{debits} = \text{End of day balance}$
  - b. The Contractor will balance the EBT system as a whole to ensure that the change in the net position in the sum of client accounts balances to the change in the net position of program accounts. The Contractor will also ensure that the

change in the net position in the sum of the program accounts balances to the change in the net position (obligations outstanding) for Government agencies.

2. Reconciliation

The Contractor will meet the most current Food Assistance Program reconciliation requirements of 7 CFR 274.4. The Contractor will use the FNS reconciliation requirements to perform reconciliation for all EBT programs. At a minimum, Contractors will propose procedures for reconciling:

- a. Client account daily beginning balance and net draws versus the ending balance;
- b. Client net redemptions versus acquirer settlement values;
- c. Total funds entering, exiting, and remaining in the system each day;
- d. Total net change in system-wide obligations outstanding to the sum of the net change in obligations outstanding for all benefit programs;
- e. Total net change in system wide obligations outstanding to the sum of the net change in obligations outstanding for all Government agencies;
- f. The net settlement value of all transactions to the sum of the net settlement values for all benefit programs; and
- g. The net settlement value of all transactions to the sum of the net settlement value for the State.

As part of system balancing and reconciliation, the Contractor will determine the total amount of Federal funds by program and the total amount of State funds by program necessary to reimburse its accounts for the total credits due to EBT acquirers. The information generated during system cutoff and balance processing will be used by the Contractor to prepare the daily settlement files. The Contractor will conduct settlement and reconciliation in accordance with current federal regulations and will maintain audit trails throughout the settlement processes.

**B. Commercial Settlement**

To effect commercial settlement through the ACH, the Contractor will have an originating and receiving relationship with the ACH. For purposes of clearing through the ACH, the Contractor will maintain a Federal Reserve Bank clearing account. For transaction processing and settlement purposes, the Contractor will also be a member of the prevailing regional network(s) and/or national networks and be capable of settling both ATM and POS transactions.

1. Contractor Originated Settlement

For retail merchants, third parties, or other benefit providers that are directly connected to the EBT host, the Contractor will originate an ACH credit for the total balance due for EBT benefits provided during the just closed EBT processing day. The benefit provider credits will be entered into the ACH for settlement on the next banking day.

2. Network Settlement

Credits due EBT benefit providers who are connected to the Contractor through a regional or national network will settle utilizing standard commercial practices.

3. Inter-Processor Settlement

The designated Contractor may experience crossover traffic of transactions processed by another Contractor. At their discretion, the Contractor and another Contractor may enter into an agreement for direct interchange to save the switch fee. Any agreements for direct interchange must also include provisions for the settlement of transactions.

4. Settling Manual Food Assistance Transactions

Retailers will conduct manual Food Assistance transactions using a standard paper draft voucher. Their acquirer will convert the paper voucher into an electronic transaction for transmission to the Contractor. Upon receipt of a properly executed transaction, the Contractor will provide settlement to the authorized retail merchant.

**C. Settlement-Standard Daily**

To cover settlement, the State will reimburse the Contractor via a wire payment for both Food Assistance and Cash programs on the next banking day following the EBT settlement date(s). When applicable, for federally funded programs, the State will originate a payment request in the federal draw system(s), and the federal funds will be transferred to the State's bank account.

**D. Settlement – State Holidays not observed by the Federal Reserve Bank (FRB)**

For holidays which are observed by the State but not observed by the FRB, the State will allow the Contractor to originate a payment request in the federal draw system for Food Assistance programs. The State will send the Contractor an estimated payment for the Cash programs.

1. State Holiday Schedule when the FRB is operational

The State will annually review the upcoming calendar year and identify the holidays the State is closed for business, but the FRB is operational. A list of these occurrences will be documented including the holiday, the date(s) the State is closed, the actual and estimated days the cash side of EBT will cover and the date the estimated –EBT cash payment will be sent to the Contractor. The dates of the reconciliation between the estimated EBT cash payment and the actual EBT cash expenditures will be listed. The State will provide a list of these occurrences to the Contractor in writing by December 1st of the prior year.

2. Estimated Holiday Payment – Cash Programs

The State will send an additional estimated wire for Cash programs with the normal SNAP EBT payment to the Contractor the business day prior to the State holiday. The amount of the additional payment will represent expenditures for all date(s) which the Contractor would receive a payment under normal operating conditions.

a. When a State holiday occurs on a Wednesday, the Tuesday wire will include the actual payment for Monday, and an estimated payment for Tuesday.

b. Under normal operating conditions the State would make a payment for Tuesday expenditures on Wednesday.

3. Food Assurances – Contractor Draws

The State will allow the Contractor to originate a payment request in the federal draw system for Food Assistance programs on those dates that the FRB is operational, but the State is closed.

4. Reconciliation of Cash Programs estimated payments

Any adjustment to the advance wire(s) payment for actual dollars redeemed would be completed on the next business day following the State holiday. When the State underestimated and owes the Contractor additional funds, a separate wire(s) will be processed the next business day after the State holiday. When the State overestimated and the Contractor owes a refund, the Contractor will send a wire(s) to the State the next business day after the State holiday.

a. When a State holiday occurs on a Wednesday, the reconciliation of Tuesday estimate to the actual expenditure will occur on Thursday.

**1.31. Online Application for Administrative and Client Access**

The Contractor will provide online real time access to the Contractor's SNAP EBT and WIC EBT system for, but not limited to:

- A. Central Office Administration
- B. Local Office Administration
- C. Local Office Pin Capability
- D. Clients

**1.32. Online Application Administrative Access Security**

The Contractor will adhere to the State Department of Technology, Management and Budget Technical Standard for security (Schedule F of the Standard Contract Terms and Attachment K).

**2. SNAP EBT SERVICE REQUIREMENTS**

**2.1. Card Specifications (SNAP and WIC)**

The Michigan SNAP EBT and WIC EBT Card designs will remain as the existing "Michigan Bridge Card". The Contractor will provide card production and distribution services for the Michigan SNAP EBT Card and WIC EBT Card.

- A. Standards Compliance  
The Contractor will ensure that the Michigan SNAP EBT card complies with the specifications of the International Standards Organization (ISO) and ANSI (ISO 7813).
- B. Non-Discrimination Statement  
A statement of non-discrimination must be printed either on the card or on a card envelope provided with the card. The statement must read as follows:  

"The USDA is an equal opportunity provider and employer."
- C. Primary Account Number (PAN)  
The Track 2 PAN must be displayed fully on the face of the Michigan SNAP EBT cards.
- D. EFT Capability  
Each Michigan SNAP EBT card must be capable of initiating an electronic fund transfer.
- E. All mailed SNAP EBT cards are required to have the recipient's name on the front, lower left of the card. Mailed WIC cards do not display the client's full name, but rather the "WIC" program indicator.
- F. Client Service Information  
The following information must appear printed on the Card:
  - 1. 1-888-678-8914 for clients (EBT Contractor Customer Service Number)
  - 2. 1-888-529-1693 for retailers (EBT Contractor Customer Service Number)
  - 3. 711 for TTY (EBT Contractor Customer Service)
  - 4. Current website: <https://www.ebtedge.com>
- G. Signature Panel  
Each Michigan SNAP EBT card must contain a panel of tamper proof material that allows a Cardholder to sign his or her name for use in Cardholder identification. The Contractor must notify Cardholders that the signature panel must be signed upon receipt of the Card. The card must have two signature panels, one for the printed name and one for the signature.

All new mailed SNAP EBT cards must have the client’s name clearly printed on the lower left-hand corner of the front of the card.

**Note:** SNAP EBT OTC cards will not have a name printed on the front face of the card. WIC EBT cards are printed with “WIC” on the lower left of the front of the card and do not have the recipient’s name.

H. Magnetic Stripe Encoding

1. Standards Compliance.

The Contractor will ensure that all Michigan SNAP EBT cards it issues comply with the most current ISO and ANSI approved standards for Track 2 encoding. Cards must be encoded according to ISO 7813. The maximum character count in Track 2 will not exceed 40, including all control characters. The layout of Track 2 on each card will be as follows:

<b>Track 2 Layout</b>			
<b>Field No.</b>	<b>Field Name*</b>	<b>Minimum Length</b>	<b>Maximum Length</b>
1	Start Sentinel	1	1
2	Primary Account Number (PAN)	16	19
3	Field Separator	1	1
4	Expiration Date	4	4
5	Service Code	3	3
6	Card Authentication Value (CAV)	3	3
7	Discretionary Data	2	2
8	Longitudinal Redundancy Check	1	1

\*The PIN will be verified at the host; the PIN offset will not be carried on the magnetic stripe. This field must be left blank; it may not be zero filled.

2. Primary Account Number (PAN)

Contractor shall issue EBT cards containing a 16-digit PAN that utilizes the State’s current BIN/IIN. The process by which the new EBT contractor calculates the PAN for new cards shall not duplicate existing card numbers in use in the State’s EBT Programs’ existing card base. The discretionary field is a three (3)-digit number that may be used by the contractor with Project Management Team’s approval. The customer identification number is a six (6)-digit number that uniquely identifies the client to the card that is issued. The BIN/IIN is a six (6)-digit number encoded on the magnetic strip that begins immediately after the start sentinel. At the end of the contract period, the BIN/IIN will revert back to the State. The BIN/IIN will comply with the most current ISO 7813.

3. Expiration Date

Michigan SNAP EBT cards will be non-expiring using the "ISO 7813" convention encoded on Track 2. The expiration date will not be embossed on the obverse of the card. Cards will have a non-expiring expiration date of "4912" encoded on Track 2.

4. **Service Code Field**  
The Contractor will encode the Track 2 Service Code Field on all Cards with the designated numeric value of "120".
5. **Card Authentication Value (CAV) Field**  
The Contractor will encode the CAV Field of Track 2 with a cryptographic value to validate the Track 2 data contents. This value must be a non-zero standard value.

## 2.2. Card Security Specifications

Existing card security features are designated to deter counterfeiting and lifting of data from the magnetic stripe and will be maintained by the Contractor. Security features are also designed to assist in fraud investigations. All cards must have High Coercivity (HiCo) magnetic strips. Any Contractor proposed card envelope must be submitted to the State for approval.

### A. Card Obverse

The obverse of the Michigan SNAP and WIC EBT card will have the following security features:

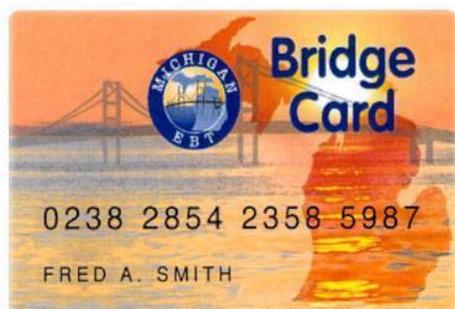
1. The existing Bridge Card design,
2. At a minimum the PAN will be embossed, and
3. The SNAP EBT Cardholder name will be embossed in the lower right-hand corner; with the exception of cards issued OTC\*.
4. WIC EBT Card- will only have "WIC" embossed in the lower left-hand corner, including cards issued OTC.

### B. Card Reverse

The reverse side of the card will contain the following security features:

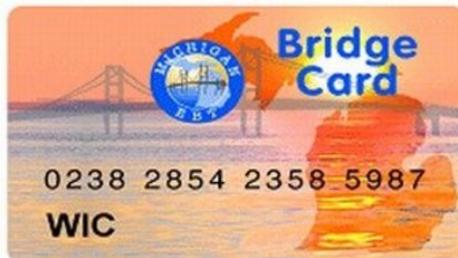
1. Non-white Reverse: a colored reverse, consistent with the existing design,
2. Signature Panel: Two tamper evident signature panels: one for the printed name and one for the signature,
3. Liability Language and Instructions: "Do Not Write PIN on Card" and the toll-free number for reporting lost or stolen cards ((888) 678- 8914 or TTY 1 (800) 649-3777) will be printed on the card, and
4. Magnetic stripe: HiCo magnetic stripe which must be compliant with the X9.93 format.

### C. Michigan SNAP EBT Food and Cash "Michigan Bridge Card" example.



\*OTC cards will not contain the client/recipient name.

- D. The contractor must provide cards with approved designs from each program. Designs are subject to change throughout contract period at the discretion of MDHHS. The following is an example of the current WIC EBT and SEBTC card designs.



### 2.3. SNAP EBT PIN Issuance and Management

A. PIN Issuance.

The Contractor must support customer/Cardholder selected, four (4) numeric digit PINs. The client is responsible for selecting a PIN via either an SNAP EBT POS device with an OTC card or contacting customer service, using the phone number(s) (888) 678- 8914 or TTY 1 (800) 649-3777 found on the back of the card, to establish and active their PIN.

B. Use of PIN and Magnetic Stripe Reader.

Except as provided for manual and/or key-entered Food Assistance transactions, each original Cash Transaction and Food Assistance Transaction must be initiated by a combination of the Cardholder swiping the EBT Card through the Magnetic Stripe Reader / inserting the Card into the ATM reader and keying in the PIN at the ATM or at the PIN Pad located at or in proximity to the POS terminal.

C. Verification of PIN.

The Contractor is responsible for PIN verification.

D. PIN Confidentiality.

The Contractor is responsible for ensuring the confidentiality of a PIN during generation, issuance, storage, and verification. POS terminals must be configured in a manner such that only the Cardholder may enter the PIN. PIN Pads on POS terminals must be designed and installed so that the Cardholder is able to prevent others from observing the entry of the PIN value.

E. Data Encryption Standard (DES).

Federal Food Assistance Program regulations require minimum encryption standards using the DES from the point of entry of a PIN. Recently, the National Institute for Standards and Technology (NIST) announced that Triple DES will replace DES as the federal data encryption standard. Current industry encryption practices have already updated to 3DES or derived unique key per transaction (DUKPT) for encryption of PINs entered at the POS. The State desires a solution that is consistent with the revised NIST standards and industry practices to the extent possible.

F. **Implementation of Cryptography.**

The Contractor must implement cryptography for its PIN management operations.

G. **PIN Security.**

ATMs and POS terminals must be capable of accepting and securely encrypting PINs of 4 characters in length. The value of the entered PIN must not be displayed in plain text or be disclosed by audible feedback. The clear text value of the entered PIN must never be printed, electronically recorded or written to software. WIC EBT must follow the most current WIC Operating Rules 9.1 relating to PIN security requirements.

H. **PIN Entry.**

All POS terminals must have an "enter key" function in order to indicate the completion of a variable length PIN. The clear key function is recommended to allow the Cardholder to clear the PIN entry when an error has been made.

I. **PIN Disclosure.**

Contractor must instruct its employees and/or all subcontractors that they are never to request Michigan clients to disclose their PINs.

J. **PIN Storage Requirements.**

It is recommended that PINs never be stored. If stored, PINs must comply with the most current ANSI Standard x9.93 2014 and be encrypted under a unique PIN encryption key not used for any other purpose. Access to stored, encrypted PINs must be strictly controlled.

**2.4. SNAP EBT Benefit Access via the Card**

Except as permitted for manual and key-entered Benefit transactions, a SNAP EBT Cardholder accesses their EBT benefit accounts for either a debit or inquiry by swiping their card through the magnetic stripe reader within the POS terminal or by inserting the card into the ATM. The Cardholder specifies a transaction type if accessing through a POS terminal (see Section 2. 21. Application of SNAP EBT POS Functionality) and keying their PIN. The Contractor will verify each cardholder PIN during transaction processing, based on an ISO 8583 standard message format.

A. **Key Entered Benefit Transactions**

The Contractor must accept and process SNAP EBT/EFT transactions where the card number (PAN) has been manually entered (key-entered) into the POS device. Transactions may be key entered at times when a card presented by a client is damaged and/or the POS device is unable to accurately read the magnetic stripe. The validation of the client's PIN is still required on key entered transactions. If a PIN pad is defective or for other reasons a PIN does not accompany the transaction to the EBT/EFT host for processing, the Contractor must deny the transaction.

The Contractor must adopt other security measures to prevent client and retailer abuse/misuse of the key-entry feature. The Contractor must ensure that the PAN printed on the transaction receipt is truncated, and the Contractor must be able to selectively disable or deny the capability of an EBT-only POS device from completing key-entered transactions. Finally, the Contractor must track key-entered transactions by card number and by retailer site. The Contractor must propose procedures for responding to client reports of malfunctioning or defective equipment at retailer sites, including both EBT-only POS devices and retailer-owned devices.

The Contractor must record, identify and provide transaction details for Key Entered Benefit Transactions to the State in a report format, upon request.

**2.5. Processing Technology**

The Contractor is required to provide online processing, in a real-time environment. The Contractor's EBT host will process transaction requests and maintain SNAP EBT and WIC EBT account balance and transaction history data. It will initiate and perform daily financial settlement, account reconciliation, and EBT system activity and performance reporting. The Contractor will process Cardholder's balance

inquiries and requests for historical data received via the IVRU, Customer Service Help Desk, and contractor's website. Finally, the Contractor will respond to inquiries and processing requests initiated by authorized State personnel via administrative terminals or software.

**A. Performance Standards**

The Contractor will comply with the most current performance standards required by FNS in 7 CFR 274.12(i) and FNS Handbook 901. The EBT host will adhere to the standards listed below except during scheduled downtime for system maintenance as specified in the contract.

1. Operate 99.9% of the time
2. Process 98% of transactions in ten (10) seconds or less
3. Maintain an accuracy standard of no more than 2 errors per every 10,000 transactions

**B. Unscheduled downtime notification**

The State of Michigan requires prompt notification of any unscheduled downtime event that may negatively affect cardholder's access to benefits. The contractor must immediately communicate discovered unscheduled service downtime to the State of Michigan when discovered or within a minimum of one-half hour (30 minutes) of discovery.

This communication shall be made by email, text message, phone call or a combination of these options.

Contractor must also agree to electronic notification from Michigan retailers of system downtime and transaction problems.

**2.6. SNAP EBT Account Structure**

The Contractor will support and maintain SNAP EBT account designations as follows:

**A. Pooled Cash Benefits**

The State will issue benefits for at least, but not limited to, the following programs through EBT:

1. Temporary Aid to Needy Families (TANF)
2. Refugee Assistance (RA)
3. Repatriate Assistance (Rep)
4. FIP State
5. State Disability Assistance (SDA)
6. LIHEAP benefits
7. \$1 LIHEAP
8. SSI (not currently in use)
9. Disaster Relief Program Cash (DRPC)

Cash benefits can be either pre-funded at the beginning of each benefit period or funded on the day of draw. The prefunding process is currently not a part of any of the programs. The balance available to clients for cash withdrawal or balance inquiry will be the sum of all cash benefits in the Pooled Cash Availability Account. The Contractor will retain the ability to determine cash benefit balances by program for customer service or administrative purposes.

**10. Pre-funded Cash Benefits**

The Contractor will hold pre-funded benefit funds for access by clients and will retain liability for these funds until they are disbursed to clients and the Contractor has settled the transaction. Pre-funded cash benefits may be disbursed to clients from ATM or POS

terminals. Currently, no EBT programs are pre-funded, but pre-funded programs may be added in the future.

**11. Day of Draw Cash Benefits**

These benefits represent credit balances only—no funds will be transferred when benefits are authorized. All settlement activities will be coordinated with the State and will ensure compliance with the Cash Management Improvement Act. Day of draw transactions will be settled on the next banking day following the day of draw. Day of draw cash benefits may be disbursed to clients from ATM's or any POS merchant displaying the Michigan EBT logo.

**B. Food Assistance Benefits**

The State will issue benefits for at least, but not limited to, the following programs through SNAP EBT:

1. Food Assistance Program (FAP)
2. Disaster Food Assistance Program (DFAP)
3. Food Assistance Benefits Online

Food Assistance benefits credited to the Food Assistance Account represent credit balances only. FAP benefits are not funded until the client accesses benefits. On the day the client accesses benefits, the State will initiate a draw of Federal funds sufficient to settle the client Food Assistance Program purchase. Day of draw Food Assistance Program transactions will be settled on the next banking day following the transaction day. Food Assistance benefits may be disbursed through POS terminals at food retail merchants which are authorized to display the Michigan EBT logo and are authorized to disburse Food Assistance benefits by the FNS. The merchant's authorization to disburse Food Assistance will be verified by the Contractor before benefits are disbursed to the client. The same will hold true for restaurants that disburse Food Assistance Benefits.

**2.7. EBT Account Types**

The Contractor will establish a SNAP EBT, WIC EBT, OR SEBTC account for each benefit type for which a client may be certified. The Contractor will design the EBT Account Structure to ensure that:

- A. Benefit balances are maintained accurately.
- B. Benefits accessed by clients are drawn from the appropriate EBT account.
- C. Benefit accounts are not overdrawn.

The Contractor will be liable for any funds drawn from an incorrect account or program or for overdrafts of benefit accounts.

Balances for Food Assistance and WIC electronic benefits may not be commingled either with each other, or with cash benefit balances. Cash benefits may be used to purchase food items at the POS. Food Assistance and WIC electronic benefits may not be converted to cash and will not be accessible at an ATM. Balance inquiry at the ATM for FAP and WIC accounts is not a required provision but may be proposed by the Contractor.

It is not the current intent of the State to combine all programs on a single card with a single primary account number, however in the future the State may be interested in this option.

**2.8. EBT Account Number**

The Contractor will maintain the unique client identifier or EBT Account Number assigned by the State for both SNAP EBT and WIC EBT, respectively. The EBT Account Number will be a standard primary number that will be assigned to uniquely identify a client regardless of the number of benefit programs to

which the client is entitled. The Contractor will propose a set of program indicators that, in conjunction with the EBT account number, identify the program benefits for which the client is certified.

The State will use its own unique client identifier (State Unique ID/Individual ID) in all client account set-ups, account maintenance, and benefit authorization records transmitted to the Contractor. The Contractor may use the State Unique ID as its SNAP EBT account number or assign a separate unique client identifier. The relationship between the State Unique ID and the Contractor client identifier will be established and maintained by the Contractor.

**2.9. SNAP EBT Primary Program Designation for Cash Withdrawals**

When a client has multiple cash benefits, the Contractor will apply a first in first out disbursement method. Meaning, oldest funds deposited in an account will be dispersed/utilized first.

**2.10. System Interface Requirements**

The Contractor will support both batch and online, real-time transmissions from the State. The Contractor will provide communications facilities for batch and online transmissions between the Contractor and the State. The Contractor will use communication software and protocols compatible with those of the State's system. The State requires that the Contractor must be able to transfer data files between the Contractor's computer system and the State Data Exchange Gateway.

**2.11. Equipment Services**

For equipment obtained through this Contract, except for POS devices deployed in authorized Food Assistance retail stores; the Contractor will charge the State a monthly lease or usage fee as listed in Schedule B - Pricing. This fee will include routine installation, maintenance, repair, warranty, and replacement of equipment. Contractor will include literature on any proposed equipment changes, including warranties and maintenance plans for POS terminals and any required PIN pad. The State reserves the right to negotiate with the Contractor for substitution of equipment different than proposed. In the event that POS devices or PIN pads issued to MDHHS offices are not returned by MDHHS, the Contractor will charge MDHHS a depreciated value for the device rather than a full replacement value. Equipment costs associated with exempt and non-exempt POS devices and PIN pads must remain the same for Michigan retailers under this agreement.

Contractor will be responsible for the repair and replacement of supplied POS equipment for the life of this Contract. The State reserves the right to require additional warranties other than those identified by the Contractor.

**2.12. Administrative Transaction Functionality**

The Contractor will also support online administrative transaction functionality, including:

- A. Account Set-up
- B. Update account information
- C. Add programs to existing card
- D. Benefit Authorization
- E. Card Issuance
- F. Card Replacement
- G. Client PIN Selection
- H. Account Adjustments
- I. Benefit Repayments
- J. Client Account Information Inquiry

The Contractor will provide administrative/POS device, application software and communication protocols to State and local agency offices. Administrative terminal/software functionality will include multi-level physical access controls to ensure that only authorized individuals can process administrative transactions or access client account information. For additional WIC functionality requirements, see section 4.5.D in Schedule A – Statement of Work.

### **2.13. Authorized Representatives**

A SNAP EBT or WIC EBT client may designate, or the State may appoint, authorized representatives to access client benefit accounts. In State authorized representative instances, multiple cards with unique PAN's may access a client's benefit account. In others, only the authorized representative's card may access the client's account. The Contractor will work with the State to ensure that methodology is available to accommodate both authorized representative types.

The authorized representative card must have a unique PAN. Contractors must provide a method for linking multiple unique PAN's to a single client account and for linking the authorized representative to the payee.

### **2.14. Terminal Deployment in Authorized Food Assistance Stores**

- A. The Contractor will equip all authorized exempt Food Assistance retailers, combined SNAP EBT and WIC EBT retailers, and WIC EBT only retailers in Michigan with standard EBT-only POS devices. These POS devices will be capable of transmitting and receiving all online EBT POS transactions. POS deployment will be conducted by the Contractor in complete compliance with Agriculture Act of 2014 including lanes to be equipped, functionality, and services. The cost of POS deployment for FNS exempt retailers, including equipment, installation, maintenance, transaction processing, supplies, and required new communications will be borne by the Contractor per the most current federal regulation 7 CFR 274.2(a). Neither the Contractor nor the State will pay for retailers' existing communications resources if they are used for EBT. Installing, maintaining and otherwise supporting Contractor provided EBT-only POS equipment as necessary in accordance with FNS policy for retailer participation as defined in the most current 7 CFR 274.3. Hardware and software costs must be provided in Schedule B - Pricing.

Exempt retailers may request the option of receiving wireless EBT POS devices if their FNS business type is "FM" (Farmer's Market), "FV" (Fruits/Vegetable Specialty) or "DF" (Direct Marketing Farmer). The State agrees to fund these approved exempt retailer wireless devices at 100%. These wireless POS device requests must be approved by a community partner (Michigan Farmer's Market Association), must be funded from a set aside fund, and must be billed separate from the main EBT contract. Additionally, the State has agreed to finance 100% of the wireless monthly access expenses for these exempt retailers.

The Agricultural Act of 2014 (or the most current 7 CFR 274.2(a)) requires retailers to pay 100 percent of the costs of acquiring, and arrange for the implementation of, EBT POS equipment and supplies, including related services. EBT processors have the option to continue providing non-exempt retailers with EBT equipment, supplies and related services, and charging those retailers directly for the EBT equipment, supplies and related services. Alternatively, EBT Processors may redirect non-exempt retailers to alternate sources of EBT equipment, supplies and related services.

Per Agriculture Act of 2014, retail food stores (including restaurants participating in a state option restaurant program intended to serve the elderly, disabled, and homeless), with certain exceptions, to pay 100% of the costs of acquiring and arranging for the implementation of EBT POS equipment and supplies. Exemptions from such requirement include farmers' markets and other direct-to-consumer markets, military commissaries, nonprofit food buying cooperatives, and certain establishments, organizations, programs, or group living arrangements.

- B. Authorized Food Assistance merchants, combined EBT and WIC retailers, and WIC only retailers may elect to use EBT-only POS devices supplied by the Contractor at the Contractor's expense,

multi-function POS devices marketed by the Contractor, or POS devices owned or controlled by the merchant. The Contractor is required to supply each authorized SNAP merchant with EBT-only POS terminals according to the FNS formula, but may negotiate with retailers the use of other equipment and methods to provide EBT services to Michigan, at the discretion of the Contractor, subject to the approval of the State. The cost of any POS deployment in excess of EBT-only POS devices supplied by the Contractor will not be borne by the Contractor or the State. Deployment is not requirement for retailers with redemptions less than \$100.

#### **2.15. Contractor Marketed POS Services and Terminals**

The State expects authorized Food Assistance retailers to arrange for POS access for cash transactions, in addition to Food Assistance transactions. Retailers will have the option of providing cash withdrawal services and cash back services based upon their internal policies. The Contractor is required to market POS cash-back services to all authorized Food Assistance retailers. Transaction fees incurred in conjunction with providing POS cash-back services are not to be charged to the State. Any transaction fees for POS cash-back transactions will be negotiated between the Contractor and the retailers and will be reflected in merchant agreements. The Contractor will provide an on-going marketing and recruitment program for enrolling retailers to provide cash-back access to clients.

Except for POS deployment provided for authorized Food Assistance merchants, the State will neither acquire POS equipment nor be party to any agreements for POS services. In addition to the POS terminals provided by the Contractor to authorized Food Assistance retailers, the Contractor will promote and market POS terminal services to food and other retail merchants and encourage them to provide POS cash-back services. The Contractor will develop information and recruitment methods to encourage all Michigan and border retailers (food retailers and cash benefit redemption retailers) to participate in EBT and/or acquire terminal services, including printed materials and brochures that promote acceptance of the EBT program and market cash-back participation. The Contractor will be responsible for acting as an acquirer for POS EBT transactions for merchants accepting the Contractor-deployed POS terminal services, either directly or through subcontractor arrangement.

Each retailer choosing to accept the marketed POS services or to use other POS services will be making a business decision to do so. The Contractor may arrange for a user fee, lease fee, or other compensation for POS terminal services directly with the merchant.

#### **2.16. Third Party Processors (TPP)**

Third party processors are financial institutions, authorization processors, and/or retailers driving their own terminals that are capable of relaying EBT transactions to the Contractor. Retailers must have the opportunity to use TPP if they so choose. The Contractor will identify TPP used by retailers that might participate in the Michigan SNAP and WIC EBT programs.

The Contractor will publish interface specifications and certification standards for TPP participation and make them available to TPP. The Contractor, through merchant agreements, will grant access to the Michigan SNAP and WIC EBT programs by TPP and will ensure that TPP comply with the requirements of this contract.

#### **2.17. POS Terminal Processing Standards**

POS terminal services provided by the Contractor must comply with the most current requirements of 7 CFR 274. POS terminals will meet the operational requirements of the SNAP and WIC EBT systems described throughout this Contract.

Contractors must certify and assure that TPPs connected to the EBT system comply with the most current FNS regulations and other State requirements. All TPP agreements between the Contractor and TPPs or their retailers must be reviewed and approved by the State. At the State's request, the Contractor must attempt to enforce the agreements if problems are discovered in TPP activities.

Requirements include, but are not limited to:

- A. Terminal IDs – TPPs must give each terminal a unique ID and include those terminal IDs as part of their transaction messages. The Contractor must include the unique IDs in the ALERT data submitted to FNS.
- B. Transactions – TPPs must be able to support the entire transaction set included in the FNS regulations. The Contractor must be able to process all of these transactions.
- C. Interoperability – TPPs must be able to process transactions for cards issued by all States for all POS equipment they support.
- D. Balance information – TPPs must be able to display remaining balance on the printed receipt for all POS equipment they support.
- E. Serving only FNS-authorized retailers – TPPs must only route SNAP transactions for retailers authorized by FNS to redeem SNAP benefits.

### **2.18. POS Terminal Support Services**

The Contractor will provide the following services for all POS terminals deployed by the Contractor:

- A. Routine maintenance on all equipment;
- B. Repair or replacement services on faulty POS terminal equipment within 24 hours of service calls, this may change to repair or replacement within 48 hours based on the outcome of a request for waiver from FNS, and an MDHHS policy determination;
- C. Supplies; and
- D. Retailer training for all Contractor deployed terminals.

### **2.19. Merchant Agreements**

The Contractor will enter into agreements with all merchants participating in the Michigan SNAP EBT and WIC EBT programs, including TPP.

### **2.20. Regulatory Provisions**

Existing Federal EBT regulations and policies have greatly impacted the development of EBT system design and performance requirements. The requirements outlined in this Contract conform generally to Federal guidelines. Where current EBT regulations are believed to significantly increase conversion implementation and operating costs, the State may seek waivers to those policies. See Attachment L – Michigan Waivers for current waivers.

Solutions provided by the Contract in other areas of this Contract may require waivers to be put into effect. If a particular solution is desired by the State, waivers will be sought if needed. Such areas include Expedited Service (274.12(f)(8)) and Group Homes (278.2(a)). In any case where a waiver would be involved, alternatives must be planned and proposed, given that waivers might not be approved by the applicable Federal agency.

State retailers are required to adhere to the Shopping Reform and Modernization Act of 2011 which requires them to clearly identify prices of all items being sold (with some exceptions, as noted).

[https://www.michigan.gov/mdard/0,4610,7-125-2968\\_4823-12359--,00.html](https://www.michigan.gov/mdard/0,4610,7-125-2968_4823-12359--,00.html)

### **2.21. Application of EBT POS Functionality**

At the POS, clients will indicate an EBT transaction type (Cash, SNAP, or WIC). This functionality may be provided by function keys, menu selection, or combination of both. The appropriate function key(s) or menu item(s) will be selected by the authorized cardholder when asked to select the appropriate benefit account. The transaction type will be transmitted in the transaction message. The Contractor's transaction processing application must capture and retain transaction type information and must match the transaction to the appropriate client account (cash, Food Assistance, or WIC).

### **2.22. Transaction Fee Accounting**

FNS regulations prohibit the charging of a fee for any SNAP transactions. The EBT/EFT system must provide Michigan EBT cardholders with four (4) successful cash only withdrawal transactions per month per case (either from an ATM and/or POS device) without assessment of transaction fees by the Contractor. The State will pay for the first four (4) successful ATM cash only withdrawals and any processing costs for POS cash only withdrawal transactions as part of the unit rate. The State does not pay for any interchange fees or other POS fees associated with cash withdrawal transactions. Transactions that are reversed or voided, either partially or completely, must not count as one of the free cash withdrawal transactions. Once the client has performed the four (4) transaction fee free cash only withdrawal transactions, the client will be responsible for any additional fees associated with cash withdrawals as charged by the Contractor. Clients must not be charged for cash withdrawal transactions that are subsequently reversed or voided, either partially or completely. Clients must not be charged for cash purchases or purchases with cash back at POS devices. WIC EBT and SNAP EBT clients cannot be charged transaction fees.

**2.23. Adding Program Benefits to an Existing Card**

The Contractor will provide the functionality to add access to new benefit programs and/or accounts to an existing card should need arise. Supplemental Security Income (SSI) benefits may be added at a future date.

**2.24. SNAP EBT Replacement issuances and cards to households.**

SNAP EBT cards and/or PINS will be replaced in accordance with the most current terms set forth in **7 CFR 274.6(a) and (b)**.

**3. INTERFACE REQUIREMENTS**

To facilitate the delivery of SNAP EBT and WIC EBT services, there will need to be interfaces between the existing State systems and the Contractor's EBT system. It is expected that the Contractor will provide the provision of necessary interface connections for primary, redundancy, and processing to make this interface successful and efficient for both the production and test environments.

**3.1. Server to Server**

To manage and be responsible for development, installation, and maintenance of the circuits and communications hardware and software; this includes any leased line(s), communications control and transport equipment, line status monitoring, and the cost to connect with the State server(s) where applicable. The connection protocols/methods must match the State's methods for both batch file transfer and online query/response transactions.

**3.2. Recipient and Benefit Identification:**

State systems staff will be responsible for designing and implementing the programs necessary to identify recipients and benefit amounts to be communicated to the Contractor. State staff will also be responsible for determining if the data transfer is to be initiated by State or Contractor systems, and for getting State data files to the appropriate places at the appropriate times for the transfer of data going from the State to the Contractor.

The Contractor will be responsible for initiating the data transfer, for receiving the data, for taking appropriate actions with the data (account set-up, maintenance, etc.) within reasonable timeframes, and for notifying the State immediately of any file transfer problems, especially (but not limited to) monthly benefit files. The Contractor is responsible for resolving those problems to the satisfaction of the State.

The Contractor will be responsible for identifying any data necessary from the State to meet the requirements of this contract. The Contractor must also determine means acceptable to the State of working around the absence of these data for a reasonable period until the State can make the necessary changes to the data file content being sent to the Contractor. The Contractor will be responsible for developing the screens and files necessary to communicate data to the State in batch and online modes.

The process for batch communications, at the State's determination, will be initiated either by the State or the Contractor.

The Contractor will provide the State their process run schedule to establish how long Contractor's posting processes will run once the State's files are received. If a file transfer failure occurs that affects the timely posting of benefits, the Contractor will provide notification to their food and cash providers (retailers and banks) alerting them of any such failure or outage within 24 hours.

This level of Contractor support will be required for both the current system and for those modifications that may become necessary for systems under development currently within the State. The State considers the issue of interface activities and Contractor support to be critical.

### **3.3. SNAP EBT Transaction Processing**

This is the process to develop the Contractor interface to process transactions to and from the State interfaces.

It is expected that existing hard-wired POS equipment will be used for presenting a limited set of status information to State employees at the approximately 104 locations involved in the provision of EBT services to Michigan clients. It is expected the above interfaces will have query/response capacity to support transfer of such information for presentation to selected workers. In the event that this is not cost effective or practical, the Contractor will be required to provide an access device (POS terminal with PIN selection pad) at designated sites, to allow access to Contractor System for eligible account holders to select card PIN number. Attachment S – MDHHS POS Device Minimum Specifications provides current hard-wired equipment information.

### **3.4. Access Device**

The Contractor must provide one access device per designated work site if it is not cost effective or practical to use existing equipment. All access device costs including purchase, deployment, maintenance, software, communications and management costs must be included.

### **3.5. Online Communications**

The Contractor shall provide the Agency with an online administrative terminal that is browser agnostic to support administrative transactions. At a minimum, the administrative terminal shall support:

- A. Card issuance, including initial and replacement history,
- B. Recipient search, including by name, PAN, and recipient ID.
- C. Recipient account information inquiry (recipient demographics and deposit data),
- D. User-initiated change password functionality and
- E. Creation of new system user accounts or editing of existing user accounts.

The Contractor shall assist the Agency to define the access levels and user profiles (i.e., groups and/or roles) and implement them with review and approval from the Agency.

The Contractor shall provide a multi-level access control security system for the administrative terminal where user profiles can be established based upon the specific administrative terminal functions required by the user to perform his/her respective job.

### **3.6. WIC EBT System Design and Interface Considerations**

The State expects to maintain interface programming in accordance with the WUMEI requirements. The Interface will be updated to the current version in place or otherwise agreed to by the State, Contractor, and FNS. Per the most current 7 CFR 246.12(h)(3)(xxxi) and 7 CFR 246.12(bb)(1) requiring each State agency, contractor and authorized vendor to comply with the most current published operating rules, standards, and technical requirements and other industry standards identified by the Secretary must be

implemented by March 1, 2021. It is the State's expectation that the Michigan WIC system infrastructure be independent from other Michigan EBT system infrastructure.

**A. Internal Interfaces**

Internal interfaces include those within the MDHHS/State and those of the Contractor, including the following:

1. WIC State and Local Agency/Clinic Capacity

At the request of the State, the Contractor will conduct a requirements analysis and capacity study of existing WIC State and local agency/clinic automation to determine the need for upgrades and other equipment/software modifications to support WIC EBT application software, data transfers, card issuance, and administrative terminal inquiry/operations.

The WIC local agency/clinic flow of clients must not be negatively impacted by EBT. Local agencies use the statewide MI-WIC system to certify WIC clients, issue cards and benefits, and manage the demographic information of the WIC client population. The existing interface between the EBT system and MI-WIC is a critical component in supporting online eligibility determination, card issuance, and benefit issuance. WIC EBT capacity studies and requirements analyses will be subject to review and approval by the State and/or its designee.

2. Administrative Terminal Functionality

The Contractor will support administrative terminal/software inquiry capability for WIC State and local agency/clinic staff. At a minimum, the Contractor will provide administrative terminal access to view client data, view daily and monthly reports, and perform administrative functions such as adding new users, re-setting passwords, etc.

The administrative terminal screens to be provided include, but are not limited to:

- a. Main Menu
- b. WIC Account Set-Up
- c. WIC Family Search and Results
- d. WIC Family Information (includes Family Information box, Benefit Information box, and Transaction Inquiry Search box)
- e. WIC Family Information Management
- f. WIC Family Benefit Management (includes Family Information box and Balance Detail Information box)
- g. WIC Family Benefit Management (includes Family Information box and Benefit Detail Information box)
- h. WIC Family Benefit Management (includes Family Information box and Benefit Application Information box)
- i. WIC Family Transaction Information (includes Family Information box, Transaction Inquiry Search box, and Transaction Information Search Results)
- j. WIC Family Transaction Detail Information (includes Family Information box and Transaction Data box)
- k. WIC Family Card Management (includes Cards box)
- l. WIC Family Card Management (includes Card Information box, Transaction History box, Last Card Information box, Status Card box, Status and Replace box, and Archive Card History option)

- m. Family Card History (includes Current Card Information box, Past Cards Information box, and Archive Cards Information box)
- n. WIC Daily Accounting Query
- o. WIC State Issuer Accounting Query
- p. WIC Adjustment
- q. WIC Adjustment Search and Results
- r. Reports Distribution Screen
- s. Manage AT Users
- t. Manage AT Roles
- u. Manage WIC Clinic
- v. Processor Maintenance Search and Results
- w. Retailer Maintenance Search and Results
- x. WIC Authorized Vendor Search and Results
- y. WIC electronic benefit Search and Results
- z. WIC Cat/Sub-Cat Search and Results
- aa. WIC UPC Search and Results
- bb. WIC Unit of Measure Set-Up
- cc. User Password Change

The Contractor will ensure that family information is accessed only via authorized personnel using security and password access controls. The Contractor will provide varying levels of administrative access to ensure state and local WIC agency/clinic staff have access to only that family information to which they are authorized. The Contractor will specify a procedure for limiting access to program specific benefit allotment data to the authorizing Federal or State agency.

**3. State/Local Agency Equipment Needs and Maintenance**

The Contractor will provide PIN selection equipment, balance inquiry terminals, application software, and communications software and protocols to WIC State and local agency/clinic offices. The Contractor will provide 24-hour repair/replacement maintenance for all equipment provided under this contract; the State will be a fully licensed user of all equipment, software, and communication devices provided by the Contractor. This requirement will be waived in lieu of an agreement to provide equipment replacement if shipped via an overnight carrier for next business day delivery. The contractor shall continue to be mandated to provide a tech support and troubleshooting contact phone number or electronic resource to provide assistance.

**4. MI-WIC/Contractor Interface for Current Benefit Balance**

The Contractor will develop an interface with the MI-WIC system so that when staff access various MI-WIC screens (i.e., current card, benefit balance, void benefit) a message is sent to the Contractor requesting the most current benefit balance (based on recent redemption activity) and current card. This will ensure that when WIC State and/or local agency/clinic staff access a family's benefit record, the MI-WIC system displays the same quantity as the Contractor's system. The functionality includes the following web methods: sign-on, sign-off, Get Family Info, Get Card Info, Get Benefits Info.

Additionally, Michigan has developed a mobile application (WIC Connect) and online portal (WIC Client Connect) that allows WIC clients to view current and future benefits in real-time. These applications serve as public facing portals that are owned and operated by the State of Michigan, and interface directly with the MI-WIC system. Transactions and web service calls are then routed to the EBT system through the MI-WIC – EBT interface, which increases interface traffic. The Contractor must be able to accommodate this increased traffic through either the MI-WIC or EBT interface, or a separate dedicated web-service.

## **B. WIC POS Configuration and Terminal Deployment**

The requirements identified in Section 4.9.D - Contractor POS Card Reader/Writer Terminal Deployment regarding terminal deployment are consistent with WIC requirements.

Each WIC Authorized Vendor is required to settle with the EBT host once daily.

The EBT POS configuration for WIC Authorized Vendors will vary by size of store and the type and capability of installed POS terminal devices.

1. For each multi-lane configuration, the Contractor will provide equipment to process transaction requests and responses in accordance with USDA and State transaction processing standards including X9.93-2:2014. At a minimum, equipment to be installed in the lane (per the Michigan WIC lane equipage guidelines referenced in Section 4.9.D - Contractor POS Card Reader/Writer Terminal) includes the WIC EBT POS terminal, display, keypad, a magnetic stripe reader, PIN pad, and receipt printer. The system must provide easy terminal access to both cashiers and clients.

Multi-lane configurations should include a POS that serves as the master that stores all data required to support WIC transactions; i.e., benefit record, transaction file, cat/sub-cat file, UPC database, etc. The PC master customarily serves as the LAN controller for the store, performing online transmission of transaction data to the EBT host and daily download and upload to the EBT host computer for updates to pertinent files.

2. For each single lane configuration, the Contractor will also provide equipment to process transaction requests and responses in accordance with USDA and State transaction processing standards. This configuration may not require a POS master that serves as the LAN controller but must be capable of storing all data required to support WIC transactions.

At a minimum, the Michigan WIC Program seeks an integrated solution for combined WIC and MDHHS EBT transactions, with the following minimum terminal features:

- a. 200 mhz 32-bit RISC microprocessor with expanded input/output capabilities
- b. Multi-tasking operating system
- c. Expandable memory (minimum of 6 MB) to accommodate additional EBT program functionality, credit and debit
- d. 3 x 4 numeric keypad, with 8 soft function keys and 4 screen addressable keys
- e. A magnetic card reader that is triple track (1, 2, and 3), high coercivity, bidirectional
- f. 8-line by 21-character display for complete message viewing and abbreviations
- g. Standard 14.4 kbs modem
- h. Multiple input/output ports for future scanner addition
- i. Small size, requiring minimal checkout counter space
- j. Battery backup for all RAM

- k. WIC UPC scanner attached
- l. Printer (integrated) using thermal paper with graphic capabilities, 18 lines per second; standard paper roll 58 mm x 25 mm, single ply
- m. SSL v3.0, 3DES encryption, Master/Session and DUKPT key management
- n. One USB 1.1 port, two RS-232 ports, and One telco port; One Ethernet port that supports communications and peripherals, including PIN pad

A more technologically advanced POS device models may be provided as long as these devices meet the minimum functionality of all deliverables in the contract.

### **C. Technical Support for Integrated Solutions**

The Contractor will provide technical support for the design, development, testing, and implementation of retailers choosing to implement an integrated WIC EBT processing solution, plus ongoing daily operational support as needed for those retailers that are already integrated.

## **4. WOMEN, INFANTS, AND CHILDREN (WIC) EBT REQUIREMENTS**

The Contractor's base service requirements for the proposed WIC EBT system are consistent with those for the online Michigan EBT System, with some distinctions. For additional information regarding Michigan's current WIC system, view Attachment H – Michigan WIC Summary Information.

### **4.1. Account Set-up and Benefit Authorization**

#### **A. Account Set-up**

MI-WIC will send online, real-time messages with WIC cardholder and account data to the EBT host for immediate processing, access, and storage. The WIC EBT Account Set-up data includes family demographic data necessary for a WIC EBT account to be established. It is anticipated that all account set-up, demographic updates, and initial card issuances will occur as online transmissions. These transmissions will be initiated at the WIC local agency/clinic (a limited number will also be sent from the State WIC agency) and transmitted by MI-WIC. Cards may also be issued to proxies identified by the WIC authorized person; the Contractor must ensure that transactions completed by each cardholder access the same account. The Account Set-up data elements will be transmitted as American Standard Code of Information Interchange (ASCII) in the format described in WUMEI specifications and Attachment C – Michigan DHHS WIC Interface Records Layout.

#### **B. Benefit Authorization**

WIC electronic benefit records are sent to the Contractor via the MI-WIC client eligibility system as WIC local agency/clinic staff certify/re-certify each member of the family. For each participating family member, WIC local agency/clinic staff select a food package that contains foods intended to improve the client's nutritional status. The EBT host will receive separate benefit issuance records for every client each month. Benefit data transmitted to the EBT host by MI-WIC include a unique benefit issuance number, food items prescribed for all family members (category/sub-category/quantity), and the beginning and end dates of the benefit period.

WIC clients are provided a printed "shopping list" at the local WIC agency/clinic that identifies the items to be purchased during the current and future benefit periods. The shopping list contains the family identification number, the benefit period (valid date range), the items authorized for purchase, and the quantity of each item.

WIC electronic benefits are issued and sent to the EBT host throughout the month, based on when the family was first certified as eligible to receive WIC electronic benefits. The Contractor will post WIC electronic benefits to the appropriate WIC EBT accounts based on the starting date included in the benefit issuance record. If the starting date contained in the benefit record is the same as, or before, the current date when the Contractor receives the benefit record, the

Contractor will make the benefits immediately available to the client. If the starting date is a future date, the Contractor will hold (pend) the benefits until the starting date is reached. When the starting date is reached, the benefits will be moved from “pending” to active at 12:01 a.m.

The Contractor will ensure WIC electronic benefits are linked to a unique WIC EBT account characterized by a WIC Program designator. The EBT host receives, stores, processes and maintains the balance remaining of authorized WIC electronic benefits.

The State sends current month benefits to the EBT host via online transaction processing and sends future month benefits via a batch process seven (7) days prior to the benefit start date. Future benefits that have a start date within the seven (7) day period are also sent via online transaction processing.

Benefit voids (current and future) and benefit re-issuances will be performed via online, real-time transmissions from MI-WIC. The majority of future month benefits will be transmitted nightly in a batch file sent by MI-WIC to the EBT host for scheduled nighttime processing, seven (7) days prior to the benefit start date.

Benefits not redeemed expire at the end of the benefit period and are removed from the EBT active benefit database. The Contractor will expire benefits at 12:01 a.m. on the day immediately following the ending date that was sent in the benefit record.

The Benefit Authorization data elements will be transmitted as ASCII in the format described in WUMEI specifications and Attachment C – Michigan DHHS WIC Interface Records Layout.

#### **4.2. Card Issuance/Replacement and PIN Selection**

The Contractor will ensure that the printed or embossed card number (PAN) is linked to the WIC electronic benefit account to which the cardholder is authorized to access. The Michigan WIC Bridge Card is the single means of accessing WIC electronic benefits.

##### **A. Card Issuance**

Initial card issuances to all WIC clients will be performed OTC at the WIC local agency/clinic. Initial card issuances for SEBTC clients are mailed directly to participants.

The Contractor will provide a supply of Michigan WIC Bridge Cards to each WIC local agency/clinic for new card issuances and replacement. The WIC local agency/clinic will be responsible for identifying the number of cards needed to support their WIC population.

##### **B. Card Replacement**

The Contractor will process requested WIC card replacements, using the same file layout as initial card issuances. The Contractor will offer mailed card replacements for clients choosing to call the Contractor’s toll-free customer service number to obtain a card replacement. When a card is replaced, the status of the previously issued card will be immediately changed to make it unusable for any future transactions. For a card replacement requested through the Contractor’s customer service number, the Contractor will confirm the cardholder identifier information; e.g., authorized person’s name, address, or date of birth prior to mailing a replacement card.

Replacement card PIN can be selected by the client on a PIN selection terminal at a WIC Clinic or by contacting the Contractor’s customer service number after receiving the replacement card.

##### **C. De-activate Michigan WIC Bridge Card**

The Contractor will cause the Michigan WIC Bridge Card (PAN) to be deactivated immediately when a card is reported lost, stolen, returned, damaged, stashed by primary, or disabled. The Contractor will be liable for any transaction from a card after it has been notified of any of the previously mentioned actions. Reporting these transactions will be the same as the requirements for the MDHHS Program.

**D. Card Suspension for Invalid PIN Attempts**

After four (4) successive invalid PIN attempts in a 24-hour period, the Contractor will suspend the card until 12:01 a.m. the following calendar day. The Contractor will track invalid PIN attempts by a suspended card. Such tracking will include recording the card number, date, time, location of transaction attempts, and other information to be negotiated between the State and the Contractor and provided to the State in a monthly report.

**E. PIN Selection**

The WIC EBT system will provide all WIC EBT clients the opportunity to select their four (4) digit PIN as part of the card issuance, card replacement, PIN selection and/or PIN change process. Because initial card issuance and training will occur OTC at the WIC local agency/clinic, the Contractor will provide a PIN selection/encryption terminal at the WIC local agency/clinic. The PIN will not be stored on the card, but the PIN offset will be stored at the EBT host. Under no circumstances may a PIN be transmitted to the EBT host "in the clear." The Contractor will also provide an option to select and/or change a PIN via a toll-free customer service number.

For PIN selection or change, the Contractor will confirm the cardholder identifier information; e.g., authorized person's date of birth, zip code, etc. This verification is required for PIN selection or change attempted at both the WIC local agency/clinic and via the Contractor's customer service number.

WIC - T-010 2012 10 12 Use of Security related control information for DUKPT encryption, published 10/12/2012 at Section 6.1.

**4.3. Training and Training Materials**

Consistent with MDHHS's requirements, WIC will also require comprehensive conversion and training plans for clients, WIC State and local agency/clinic, staff, and retailers. The Contractor will ensure that, at a minimum, training materials address the following:

**A. Client Training**

WIC EBT client training will be provided by WIC local agency/clinic staff during client's regularly scheduled WIC appointments, with the Contractor providing assistance for at least 30 days after the conversion to the Contractor's WIC EBT system.

1. The Contractor will provide a training brochure to be approved by WIC that fully describes cardholder benefit access via the WIC EBT system, including but not limited to the following topics:
  - a. Using the Michigan WIC Bridge Card to purchase WIC foods at POS terminals;
  - b. Use of and safeguarding the card and PIN;
  - c. Obtaining WIC electronic benefit balance information, what to do if benefits need to be changed, and benefit expiration dates;
  - d. What to do if a WIC food item won't scan at the store;
  - e. Guidance on reporting problems with the card or its use and on reporting a lost or stolen Michigan WIC Bridge Card;
  - f. Available customer service functions; and
  - g. EBT Card Replacement policy and rules per FNS the most current policy 7 CFR 274.6
2. The Contractor will provide an insert that can be folded and stored in the card sleeve. The insert includes information on when to call the Contractor's customer service center, what to do if an incorrect PIN is entered, and how to use the Michigan WIC Bridge Card at one of Michigan's WIC Authorized Vendors.

3. The Contractor will develop and provide a WIC EBT client training video which is no more than 14 minutes in length, addressing all topics contained in the printed training materials for WIC and complying with the language, format and style requirements set forth in the online Michigan EBT system. The Contractor must host this video on their Client Portal.

The Contractor agrees to work with WIC staff on the content and design of the above training materials and the best method for training clients.

#### **B. Administrative Training**

The Contractor will provide hands-on, interactive training to WIC State and local agency/clinic staff prior to and immediately following conversion to the Contractor's WIC EBT system. Each Contractor will propose a WIC EBT training program or curriculum to meet this requirement. The Contractor is required to have its training/support staff available for consultation with WIC State and local agency/clinic staff for a period of 30 days following this conversion. Any consultation or training provided to staff during this period will not constitute an additional service.

The Contractor will provide Administrative Training materials for WIC State and local agency/clinic staff on the WIC EBT system. These administrative training materials will be equal in scope, quality, and content to those specified for the online EBT system.

The Contractor agrees to work with WIC staff on the content and design of the above training materials, as well as the best methodology to ensure all WIC State and local agency/clinic staff are trained on the new system.

#### **C. WIC Authorized Vendor Training**

The Contractor will provide training to all WIC Authorized Vendors participating in the WIC EBT Program who use the Contractor's provided WIC stand-beside POS system. The WIC Authorized Vendor training will equate in form and content to the training provided to retailers participating in the online EBT program.

The Contractor will provide WIC-specific written training materials for participating WIC Authorized Vendors. The Contractor will develop and provide a separate WIC Authorized Vendor training video, comparable to the retailer video for the online system and consistent with the objectives of the WIC EBT Program. In addition to materials provided on paper, training materials will be provided in DVD format and available on the Contractor's website. Retailer training materials will cover the same topics as the online retailer training materials as they pertain to the WIC Program.

The Contractor agrees to work with WIC staff on the content and design of the above training materials.

#### **4.4. Client Account Management**

The Contractor's WIC EBT system will perform all client account management functions required for WIC. The Contractor will ensure that accurate and timely information regarding family account balances, account status, and family demographic information are maintained. Distinctions between the online EBT and WIC EBT systems related to this function are discussed below.

##### **A. Maintain Account Balances**

Authorized clients may be eligible for benefits under one or more benefit programs. In accordance with earlier sections of the Contract, the Contractor will prohibit unauthorized access and redemption of benefits without the use of a Michigan WIC Bridge Card and PIN. WIC electronic benefits will not be commingled with any benefits administered by the MDHHS.

##### **B. Maintain Account Balance and Transaction History**

The Contractor will maintain current WIC electronic benefit balances and a minimum of a rolling 180-day transaction history accessible online through the Contractor's administrative terminal.

After 180 days, the Contractor will maintain transaction history data off-line in accordance with federal requirements (currently 3 years and 150 days). At a minimum, WIC transaction histories will specify:

1. family name;
2. PAN (card number);
3. unique WIC family ID number;
4. card status;
5. program status;
6. program benefit identifier;
7. WIC local agency/clinic ID;
8. transaction date and time;
9. transaction type;
10. requested transaction amount;
11. approved transaction amount;
12. card swiped or manually entered;
13. transaction request approved or denied;
14. POS and acquirer identifier;
15. food category/sub-category;
16. UPC number;
17. food description;
18. exchange value;
19. item requested price;
20. item settled price;
21. quantity purchased;
22. benefit issuance number decremented;
23. quantity redeemed;
24. remaining quantity of that category/sub-category;
25. unit of measure;
26. store/manufacturer cents-off coupons redeemed.

**C. Balance and Transaction History Inquiries**

The Contractor will make information regarding current WIC account balances and transaction history available to the client or cardholder 24 hours per day through the IVRU, a customer service toll free number, balance inquiry terminals at WIC authorized Contractors, and a client portal.

**1. Client Access**

The Contractor will propose a means to control access to WIC account information via the IVRU or a customer service representative at the Contractor's customer service center by confirming accuracy of cardholder identifier information (e.g., the authorized person's date of birth, zip code, etc.). The Contractor will provide, at a minimum, the

following WIC available balance information in terms of remaining valid, non-expired benefits:

- a. available quantity;
- b. description of the food item;
- c. benefit expiration date.

When the client shops at the WIC approved Contractor of their choosing, they have the option to obtain a current benefit balance by using a balance inquiry device (POS terminal) located at the Customer Service Counter or other convenient location within the store. At the balance inquiry POS terminal, the client is prompted to swipe their card and enter their PIN. The balance inquiry request is sent to the EBT host and the EBT host authenticates the card number and PIN. If the request is approved, the EBT host returns the available benefit balance to the store, and a balance inquiry receipt is printed for the client to use to identify the WIC electronic benefits available to be purchased at that time. The Contractor must equip retail stores with POS devices that perform this function.

The Contractor will make available to clients a web-site where they can establish a user account to access current benefit balance information as well as past transaction history. Access to the account will be secure, and balance and transaction information will be provided at no charge to the client. Michigan WIC customers currently have access of using the WIC Connect Mobile application (described in 3.6.A.4) to check balance and purchase history.

The Contractor will provide, at a minimum, the following transaction and benefit history information for at least the past ten (10) transactions:

- d. date of purchase;
- e. description of the food item;
- f. quantity purchased;
- g. transaction amount (\$);
- h. WIC Authorized Vendor where the purchase was made.

The descriptions of food items to be printed on the balance inquiry receipt or displayed on the client portal and administrative terminal screens are obtained from the Category/Sub-Category Table which is sent to the Contractor by MI-WIC via a batch process. The format of the Category/Sub-Category file is included in Attachment C – Michigan DHHS WIC Interface Records Layout.

2. **WIC State and Local Agency/Clinic Staff Access**

The Contractor will provide WIC state and local agency/clinic staff access to balance and transaction history data through the Contractor's administrative terminal.

**D. Post Benefit Credits**

The Contractor will receive benefits (credits) for posting to a WIC EBT account upon receipt of a benefit authorization from MI-WIC via both batch and online processing. Benefit authorizations will be posted to the family's transaction history.

Current benefit authorizations (start date is the same as or before the current date) transmitted via MI-WIC will be received online, posted real-time, and made available immediately so the client can purchase their WIC EBT benefits upon leaving the WIC local agency/clinic.

Benefit authorizations will occur, at a minimum, once per month, with single or multiple benefit records posted to each account per month.

The Contractor must post multiple months of WIC electronic benefits to an account upon receipt but will ensure WIC electronic benefits are accessed (become active) only during valid benefit dates. Future month benefits will be sent from MI-WIC to the EBT host seven (7) days prior to the benefit start date; however, if the future benefit start date is less than seven (7) days from the current date, the future dated benefit record will be sent via an online, real-time transaction. The EBT host will assign future dated benefits a “pending” status until the start date has been reached, at which time the benefit status will be changed to “current” and made immediately available to the client to access.

**E. Post Benefit Debits**

The Contractor will post a debit to a WIC EBT account as a result of a completed food purchase or if the benefit is voided. Throughout the benefit period, it may be necessary to void either a portion or all of the current month benefits that have been sent to the EBT host. Future dated benefits will be voided in their entirety. Voided benefits will be posted to the family’s transaction history. Void transaction messages will be sent by MI-WIC online and processed real-time by the EBT host. Contractors must describe clearly their proposed solutions for handling benefit changes and voiding of benefits, both current and future month.

The Contractor will also post a debit to a WIC EBT account if, at the end of each benefit period, the client has a balance of unredeemed benefits. Immediately after midnight on the day following the ending date of the benefit, the EBT host will expire the benefits that were not redeemed. These expired benefits will be posted to the family’s transaction history as well as included in a daily file from the Contractor of all benefits that were expired the prior day.

**F. Maintain Program, Card, and Benefit Status**

The Contractor will maintain a status for each of the following:

1. Program Status
  - a. Active – access to WIC electronic benefits
  - b. Inactive – access to the WIC electronic benefits has been stopped
2. Card Status
  - a. Active – cards that can be used to access benefits
  - b. Lost, Stolen, Damaged, Stated by primary - cards that have been disabled
3. Benefit Status
  - a. Current – benefits that are currently available to the family
  - b. Expired – benefits that are past their valid benefit dates
  - c. Future – benefits with a future start date
  - d. Cancelled – benefits that have been fully voided

**G. Administrative Actions**

1. WIC EBT Stop Access

The WIC local agency/clinic may need to stop access to WIC electronic benefits due to the family being terminated from WIC, fraud, etc. MI-WIC will send an account record, with an access code to “stop access” to the EBT host via an online, real-time message. The Contractor will process the transaction request upon receipt and immediately stop the authorized person from accessing their WIC electronic benefits. In order to access WIC electronic benefits again, a card replacement will need to be processed. The card replacement must be issued at the WIC local agency/clinic, or through the Contractor’s

Customer Service or IVRU line after authenticating the WIC Client's identification and WIC status.

**2. Benefit Adjustments**

Benefit Adjustments to process changes in benefits will be supported by the Contractor system. MI-WIC will send an online, real-time message to the Contractor adding a new benefit record to an existing WIC EBT family's account. Upon receipt of the transaction from MI-WIC, the Contractor will add the new WIC electronic benefits to the new family's existing WIC EBT account. This is a non-settling transaction and does not entitle the Contractor to an additional CPCM fee for the month in which the benefit adjustment was processed.

**4.5. Transaction Processing**

The Contractor system will receive and process WIC EBT transactions originating from the POS at a WIC Authorized Vendor. WIC electronic benefit redemptions originate at the POS; the Contractor system will receive and process POS transactions initiated by the WIC authorized cardholder. All benefit and financial data will be transmitted online to the EBT host for real-time account processing; the transaction data may be routed online from the point of origination through a commercial switch or a direct connection to the Contractor. Settlement will be made based upon the business day cut-off for the transaction switch and based upon authorizations. The Contractor system will store the details of these transactions and transmit daily files via batch processing to MI-WIC during end-of-day processing.

The Contractor must track total number of transactions by type and by WIC Authorized Vendor.

The WIC cardholder is required to only present to the cashier their WIC Bridge Card and enter their PIN when making a WIC EBT purchase; another form of identification and the shopping list are not required.

**A. Authorized Product List (APL) including UPC/PLU/Max Price File**

The WIC EBT system is "item" or "Universal Product Code (UPC)/Product Look-Up (PLU)" specific; it will:

1. Identify if the UPC/PLU is an approved WIC product;
2. Record the size or quantity of individual items purchased
3. Verify whether items purchased were actually those specified in the client's benefit record.

The client can purchase up to 50 food items during each shopping trip up to the available balance in their benefit record in accordance with WIC EBT Operating Rules. The Contractor must be able to remove or modify this limit in the event the WIC Operating Rules change.

Each UPC/PLU has a maximum price established by Michigan WIC for each Contractor peer group. Michigan WIC currently has the ability to define up to 21 individual Contractor peer groups per UPC/PLU, but the primary requirement is at least one (1) peer group must have a maximum price established for each authorized UPC/PLU.

The Contractor system will receive updates to the APL including the UPC/PLU/Max Price File once per hour from the MI-WIC System. The Contractor system will validate these updates and publish the changes to the APL each night.

**B. Transaction Processing Requirements**

The client selects the WIC food items to be purchased that day and proceeds to the checkout lane. Once in the checkout lane, the client hands their WIC Bridge Card to the cashier to be swiped in the WIC EBT stand-beside POS terminal and enters their PIN in the PIN pad when prompted. If the card number and PIN are validated, the EBT host will send the available benefit balance to the WIC POS terminal. The cashier scans each of the WIC eligible items, and the

POS device validates the UPC to determine if the item is a WIC authorized food and if the benefit record contains a sufficient balance for the purchase. Once all items have been scanned, the cashier will finalize the checkout function, and an ISO X9.93 message will be transmitted to the EBT host to complete the transaction, ensure the requested price of each item does not exceed the maximum price allowed for that item for the store's peer group, and decrement the benefit record for the food items just purchased. If an item exceeds the maximum price allowed for that store's peer group, the item will be approved but the store will only be paid up to the maximum price.

When a WIC EBT transaction authorization request is received, the Contractor system will be capable of:

1. Identifying the transaction type as WIC.
2. Validating that the point of origination is an authorized WIC Authorized Vendor POS.
3. Authorizing or denying transactions based on WIC account information (i.e., active WIC account, PIN, available benefits, etc.).
4. Verifying that the requested price of the WIC food item does not exceed the State established maximum price for that Contractor's peer group (the EBT system must settle the lesser of the requested price or the maximum price). The Contractor will be required to report on the number of purchases that were adjusted to the State established maximum price on an ongoing basis.

The Contractor system will ensure that family benefit accounts are not overdrawn. Any overdrawn account will be the sole liability of the Contractor.

WIC transaction response times and card issuer processing standards must comply with WIC Operating Rules. All WIC EBT transactions shall be processed within 20 seconds to complete a WIC transaction using the stand-beside POS system. The contract will maintain an average transaction process time of under three (3) seconds over any given two week period.

**C. Benefit Redemption and In-Store Purchasing**

The Contractor must support functionality for WIC electronic benefit redemption in accordance with X9.93-2:2014, WIC EBT Operating Rules, and WIC EBT Technical Implementation Guide 2018.

**D. Transaction Sets**

The Contractor will support the following WIC EBT transaction sets:

1. Administrative Transactions
  - a. Account Set-up
  - b. Update Account Information
  - c. Add Benefit Programs to Existing Card
  - d. Benefit Authorization - current and future; online and batch
  - e. Card Issuance
  - f. Card Replacement
  - g. Client/Cardholder PIN Selection and changes
  - h. Benefit Adjustments - food package changes, void current benefits (partial or entire benefit record), void future benefits (entire benefit record)
  - i. Benefit Expiration

- j. WIC Account Information Inquiry
- k. UPC/PLU/Maximum Price Database additions, updates, deletions
- l. Category/Sub-Category additions, updates, deletions
- m. Contractor Database additions, updates, deletions

2. WIC POS Transaction Sets

- a. Balance Inquiry – to provide the WIC Cardholder with a shopping list and/or to retrieve the balance of the Prescription benefit prior to beginning a purchase.
- b. Purchase – to authorize and complete a sale. For WIC Smart Card EBT, an attempt to complete a sale must also be supported and submitted in the WIC Claim File.
- c. Reversal – to partially or completely nullify the effects of a previous Purchase transaction and add benefits back to the WIC Participant's Prescription benefit because the Purchase transaction cannot be processed as instructed.
- d. Void – to cancel a previously authorized and completed transaction, resulting in a Reversal.
- e. Voucher clear – to submit Manual Vouchers.
- f. Cancel WIC Shopping

3. WIC Merchandise Returns

The EBT system must not allow for the return of merchandise to a WIC Authorized Vendor for credit to the WIC EBT account. Instead, the WIC Authorized Vendor may only replace the defective product in accordance with existing store return policies, and in accordance with the most current 7 CFR 246.12 whereby the vendor may provide only the authorized supplemental foods listed on the food instrument and cash value voucher.

4. Reversals/Cancellations

A WIC transaction may be reversed or canceled prior to WIC purchase total/completion. Once the WIC purchase has been completed, a void transaction may be performed resulting in a reversal whereby the previously authorized and completed transaction is canceled. The Contractor system will support processing reversals/cancellations and void transactions.

5. Transaction Adjustments

The Contractor will perform transaction adjustments initiated by acquirers, in accordance with provisions for the statewide EBT system. The Contractor must have the capability to process an adjustment which may add or deduct benefits from the WIC electronic benefit account and add to or deduct money from the WIC Authorized Vendor's bank account. Adjustments will only be allowed during the same benefit period as when the originating transaction occurred. The Contractor will complete an adjustment within agreed upon time frames and must obtain approval from State WIC staff prior to completing an adjustment.

**E. Transaction Routing**

The Contractor will recognize and receive WIC EBT transactions via POS terminals. The Contractor will ensure WIC EBT benefits are accessible only at the WIC authorized POS terminals. The Contractor system design will support benefit redemption and purchase data being transmitted online to the EBT host for settlement and benefit balance updating, via dial-up or direct line, TPP or shared/private network. Transaction routing fees are prohibited from being charged by the WIC EBT Contractor or sub-contractors.

**F. Contractor Validation**

The Contractor will validate that WIC transactions originate at a WIC Authorized Vendor location prior to approval and processing of the transaction. MI-WIC will send WIC authorized Contractor information in ASCII in the format included in Attachment C – Michigan DHHS WIC Interface Records Layout. The Contractor POS software specifications will provide for inclusion of the WIC Authorized Vendor identification number within the WIC EBT transaction message. The Contractor will maintain a database of all State authorized WIC Authorized Vendors. The Contractor number transmitted in the transaction message from the POS must be recognized as a valid WIC Authorized Vendor prior to proceeding with transaction processing.

**G. Transaction and Fee Accounting**

In processing transactions, the Contractor must maintain the integrity of the system by accounting for all transactions by program.

1. **Transaction Accounting**

Clients may be entitled to benefits under a number of programs. The Contractor will ensure that each WIC EBT transaction processed is identifiable to the appropriate WIC EBT account. The Contractor will maintain a general ledger account for each benefit program and each cardholder account. The Contractor will balance changes in WIC family accounts at the end of each 24-hour processing cycle. The changes in the WIC Program and family accounts must balance to the value of the day's transactions.

2. **Fee Accounting**

WIC clients are not limited to the number of times they can access their benefits for any given benefit period. No processing or transaction fees are to be charged against the WIC EBT account.

**4.6. Customer Service**

The Contractor will provide at least the same types and level of customer service to WIC clients and WIC Authorized Vendors as provided to MDHHS clients and vendors participating in other MDHHS EBT programs.

WIC clients cannot be charged a fee if they use a pay phone to contact the Contractor's customer service toll-free number.

The Contractor will provide Customer Service Performance Reports similar to those required for EBT per Section 8.2., with some modifications to the data to meet WIC specifications as specified by MDHHS at time of contract.

**4.7. WIC Authorized Vendor Participation**

The Contractor will be responsible for managing the access of WIC Authorized Vendors to the Michigan WIC EBT system. Some WIC Authorized Vendors will accept both WIC and Project FRESH benefits from clients. The two primary WIC Authorized Vendor management duties of the Contractor will be to manage the Contractor database of WIC Authorized Vendors and provide customer service to participating WIC Authorized Vendors.

**A. Managing Contractor Database(s)**

The Contractor will develop and maintain a Michigan WIC Authorized Vendor database management system that will meet or accomplish, at a minimum, the functional requirements listed below. The Contractor database will be comprised of records of WIC vendors authorized to transact benefits for Michigan WIC families. WIC Authorized Vendor data will be sent by MI-WIC as ASCII in the format identified in Attachment C – Michigan DHHS WIC Interface Records Layout.

1. The Contractor will develop and maintain a database and database management system that is structured to ensure that accurate historical EBT transaction data pertaining to each WIC Authorized Vendor are captured and maintained.
2. The Contractor will provide physical and access security to the WIC vendor management data, will maintain data that are unique to each WIC vendor, and will ensure the privacy of confidential WIC family and benefit data.
3. The Contractor system will support the electronic access and assignment of WIC Authorized Vendor authorization/ID numbers from MI-WIC and provide a means of acquiring data updates. This function is vital to maintaining the integrity of the EBT system by assuring that only WIC Authorized Vendors provide access to WIC electronic benefits.
4. The Contractor will ensure that only WIC transactions originating at WIC Authorized Vendors are approved.
5. The WIC EBT system must support "compliance buys" of food items by the State or its designees. The data processing, storage, and communications requirements related to compliance buys are identical to those of other accounts.

**B. WIC Authorized Vendor Management Data Exchange Requirements**

The Contractor system will receive or retrieve WIC Authorized Vendor authorization data from the State. WIC Authorized Vendors will be grouped into vendor peer groups. Details regarding Michigan WIC's peer group structure will be provided upon request or at the time of contract award.

1. **WIC Authorized Vendor Authorizations**  
The Contractor will utilize the MI-WIC – EBT interface and batch file transfer process for receiving and confirming receipt of WIC Authorized Retailer file transmissions from MI-WIC.
2. **New WIC Authorized Vendors**  
The Contractor will initiate contact with any new WIC Authorized Vendor, including discussing WIC EBT equipment/communication needs and initiating a contractual agreement if necessary, within ten (10) days notification by the State that the Vendor is WIC authorized and able to conduct WIC EBT transactions. The Contractor will keep the State informed regarding status of the Vendor's EBT agreement as well as the timeframe for when the Contractor will begin processing WIC EBT transactions.
3. **WIC Authorized Vendor Disqualification, File Updates**  
The Contractor will receive updates from MI-WIC related to WIC Authorized Vendor participation, as well as notification that a Retailer has been removed as a WIC Authorized Vendor. The Contractor will use this information to update the WIC Authorized Vendor management database.
4. **De-authorization**  
The Contractor will employ a system automated process to terminate WIC transaction processing privileges of a WIC Authorized vendor immediately upon notification by the State.
5. **Changes in Retailer Ownership**  
Changes in Retailer Ownership need to be approved by the Michigan WIC program prior to the Contractor changing the database.

The Contractor will ensure that only WIC transactions originating at a WIC Authorized Vendor are approved and will assume all liability and make restitution to the State for WIC transactions processed by unauthorized vendors. The Contractor will employ an automated process to de-

authorize WIC vendors once notified by the MI-WIC system. An exception to the Contractor liability is that transactions processed with < six (6) hours of notification by the State will be the liability of the State.

#### **4.8. WIC EBT Settlement**

The Contractor will perform all settlement functions for the WIC EBT Program that it performs for the Michigan online EBT system. For purposes of reconciliation, the Contractor will perform reconciliation in accordance with USDA requirements and regulations.

In order to facilitate the State's performing federal letter of credit draws, the Contractor will provide comprehensive debit transaction information compatible and consistent with the State's information needs. The detailed content of this redemption transaction data and all daily files will be consistent with the current MI-WIC processing requirements and are included in Attachment C – Michigan DHHS WIC Interface Records Layout.

#### **4.9. WIC EBT Service Requirements**

General design requirements for the WIC EBT System are consistent with those for the Michigan EBT system for MDHHS Programs, except as described below.

##### **A. Card Specification**

The artwork for the Michigan WIC Bridge Card will be the same as that used for the EBT system, with the exception that the WIC Bridge Card will display "WIC" in the lower left corner.

##### **B. Benefit Access via the Card**

Except as permitted for key entered transactions, a WIC cardholder accesses their WIC electronic benefits by swiping their card through the magnetic stripe reader in the POS terminal and keying their PIN. The Contractor will verify each cardholder PIN during transaction processing, based on an X9.93 message format.

1. If a client's card is inoperable, the cashier can manually enter the card number and the client will enter their PIN. The Contractor will track the transactions where the PAN was key entered and provide the data on a regular basis.

##### **C. Processing Technology**

The Contractor's EBT host will process transaction requests and maintain EBT account balance and transaction history data. It will initiate and perform daily financial settlement, account reconciliation, and EBT system activity and performance reporting. The Contractor will process cardholder's balance inquiry and requests for historical data received via the IVRU, Customer Service Help Desk, and Contractor's website.

The WIC EBT system will utilize online processing technology. Benefits will be recorded, stored, and maintained on the EBT host. The EBT host will allow WIC electronic benefit access and the completion of the sale only if the following security measures are met:

1. The POS device (terminal ID) is that of an WIC Authorized Vendor.
2. The card number entered is a valid WIC EBT card.
3. The PIN entered is a valid PIN.
4. The family has benefits available to complete the purchase.

Upon completion of the purchase transaction, the EBT host will update the WIC account balance.

After the purchase completion request transaction has reached the EBT host, the requested purchase price for each item is compared to the "not to exceed" price established by the State for that UPC and for that store's peer group. If the requested price exceeds the State allowed maximum price for the peer group, the sale is automatically adjusted to the peer group maximum

price. The Contractor will provide in the daily redemption file specific information regarding the UPC/PLU and the requested price as well as the settled price.

WIC redemption data is transmitted online real-time to the EBT host. At the request of a WIC Authorized Vendor who is also certified by USDA as a MDHHS Program retailer, all Contractors must describe how a single daily EBT cutoff will be accomplished that will provide "next banking day" settlement for all EBT accounts.

Cardholders initiate WIC EBT transactions and current balance inquiries at POS devices and balance inquiry terminals. These actions cannot be initiated at ATMs.

**D. Contractor POS Card Reader/Writer Terminal Deployment**

The Contractor is required to provide POS related equipment and terminal services for purchase or lease at a fixed rate to all State-authorized WIC Vendors, unless the WIC Authorized Vendor has implemented an integrated system. WIC Authorized Vendors deemed necessary for participant access will be provided POS equipment from the Contractor at the expense of MDHHS. WIC Authorized Vendors requiring purchase of multi-function equipment from the Contractor will be provided a minimum of 30 days' notice.

**1. Scope of POS Terminal Services**

POS terminals used to support the WIC Program must be deployed in accordance with the minimum lane coverage provisions of § 246.12(z)(2) as follows.

WIC EBT services will include:

- a. installation of a WIC online POS system;
- b. provision of technical and performance specifications, equipment and software, necessary for modifying/upgrading the existing system; and
- c. replacement and/or upgrade of existing POS terminals and software, as necessary, to support WIC EBT operations. In no instance will costs exceed that of a new WIC-only terminal installation.

A multi-function POS terminal is required if the WIC Authorized Vendor is a FNS-certified exempt MDHHS Program retailer. All retailers must be approved by the State and FNS. No additional costs must be incurred or charged to the WIC Program.

WIC EBT POS deployment will include equipment and software installation and maintenance. WIC EBT system equipment refers to in-store servers (if necessary), POS terminals and drivers (as necessary), printers, and modems.

The Contractor will act as the acquirer for WIC electronic EBT POS transactions for vendors accepting the Contractor deployed POS terminal services, either directly or through subcontractor arrangement. Acquirer fees are the responsibility of the vendor and are not included as part of the Cost per Case Month fee.

All WIC Authorized Vendors must have a minimum of one lane equipped. For WIC Authorized Vendors/MDHHS Program retailers operating more than one lane, at least 50% of the minimum MDHHS Program POS lane deployment must also be equipped/upgraded to accept WIC transactions.

All EBT equipment and/or communications resources required for this service will be provided by the Contractor and will be included in base services.

WIC retailers are required to install a commercial multi-function terminal or a government-provided stand-beside terminal in their checkout lanes per the lane equipage formula as follows:

- a. for superstores and supermarkets, one POS terminal for every \$11,000 in monthly WIC redemption and
- b. for all other authorized WIC vendors, one terminal for every \$8,000 in monthly WIC redemption.

The Contractor may arrange for a user fee, lease fee, or other compensation for additional POS terminals directly with the WIC Authorized Vendor. WIC Authorized Vendors must have the right to the same pricing offered to the State by the Contractor for any additional equipment approved by the State. The State will not be responsible for the cost of this additional equipment, unless the State deems the equipment necessary for participant access.

The Contractor is to provide the same WIC EBT lane coverage, equipment, and support as currently exists in WIC Authorized Vendor locations using the stand-beside POS terminal processing system (see Attachment R - Participating WIC Authorized Vendors and Single-Function POS Locations for a list of participating WIC Authorized Vendors with the lanes equipped/installed with POS devices provided by the current WIC EBT Contractor).

The State will encourage Contractors to acquire commercial POS services through existing POS acquirers and third-party processors, including the Contractor. The overwhelming majority of WIC Authorized Vendors are also USDA authorized retailers under the MDHHS Program. Some WIC authorized pharmacies for special formula distribution and Farmers Market Nutrition Program (FMNP)/WIC retailers may not be MDHHS Program retailers. It is anticipated that these stores will need terminals capable of processing WIC EBT transactions. For this reason, the Contractor must include in its terminal deployment and service agreements with Michigan Contractors specific provisions for obtaining equipment and service upgrades necessary to support the addition of WIC or other benefit program functionality.

**OPTIONAL:** In addition to the POS and transaction processing requirements for standard WIC Authorized Vendors, the Michigan WIC program is seeking a solution for the POS devices to be deployed at MDDHS FMNP retailers. FMNP, branded as Project FRESH in Michigan, provides low-income, nutritionally-at-risk WIC clients with eligible, locally grown, fresh, unprepared fruits and vegetables from authorized farmers, farmers' markets and roadside stands throughout Michigan. Due to the nature and location of these retailers, POS devices that require connectivity through analog phone lines or wired internet connection are not feasible to implement. A POS device that can perform Project FRESH transactions wirelessly must be utilized to accommodate the remote location of these WIC Authorized vendors. All other Project FRESH EBT transactions, client and WIC Authorized vendor management must comply with the same requirements as specified in 4. Women, Infants, and Children (WIC) EBT Requirements. Project FRESH transaction details, settlements, and reporting must be recorded, stored, and maintained separately from WIC and other EBT transactions.

WIC Store Locator URL is located here: <http://www.wicstorelocator.com/ci/>

## 2. Technical Requirements

Terminals deployed by the Contractor must meet the operational requirements of the WIC EBT system: online authorization, PIN verification, unique identifier (transaction) number verification, valid date verification, "maximum price" amount verification, UPC verification, receipt production, and support of the full WIC EBT transaction set. Each

terminal must provide for visual verification of the transaction message before positive action is taken by the Contractor clerk to release (transmit) the message for settlement. Alternative designs may permit some requirements to be handled via software or host processes subject to the State's approval of the design.

3. **POS Terminal Support Services**

The Contractor will provide the same types and level of POS Terminal Support Services for WIC EBT terminals as those provided for the Michigan EBT system. Support services include, but are not limited to routine maintenance, repair, and replacement. At a minimum, the POS Terminals will require strict compliance with all USDA and Michigan WIC regulations and policies including FNS Operating Rules and Technical Implementation Guide, split tender functionality, X9.93-2:2014 Financial Transaction Message – EBT.

4. **Contractor and Third-Party Agreements**

The Contractor will enter into an agreement that is specific to the WIC Program with all WIC Authorized Vendors participating in the Michigan EBT Program. At a minimum, the agreement will require strict compliance with all USDA and Michigan WIC regulations and policies, State laws and policies, and the rules, regulations, and requirements of the Michigan EBT Program.

The Contractor will conduct POS system and Third Party Processor (TPP) certifications in a test environment for any integrated POS system or TPP that has not been previously certified by the Contractor. Certifications conducted in a test environment, known as Level 2 certifications, will be managed by the Contractor in partnership with MDHHS WIC. It is expected that the Contractor work directly with the TPP or software vendor to facilitate the certification process. The Contractor will provide test cases to the TPP or software vendor, assist in connecting to the Contractor's test environment, provide guidance on testing, and analyze receipts and transaction data to determine if the TPP or software vendor can transact WIC in accordance with all specified WIC rules and regulations. The Contractor will make a recommendation to MDHHS WIC regarding the certification status of the TPP or software vendor upon completion of the testing.

5. **WIC Lane Designation and Signage**

The Contractor will ensure that WIC equipment deployment complies with WIC and MDHHS Program regulations. The Contractor will ensure, through its retailer agreements, that retailers will not establish special checkout lanes that are only for MDHHS, WIC, or other benefit program customers. If special lanes are designated for the purpose of accepting other electronic debit or credit cards and/or other payment mechanisms such as checks, MDHHS and WIC customers with EBT cards may also be assigned to such lanes as long as other commercial customers are assigned there as well.

**E. Regulatory Provisions**

In general, the Contractor will ensure that Michigan WIC EBT system design, operations, and performance comply with all applicable EBT system specifications found in the most current USDA MDHHS Program EBT System regulations, 7 CFR 274.12, as applicable, 7 CFR 246.12, WIC Universal MIS Interface EBT (WUMEI) Requirements, and all USDA WIC processing requirements. In addition, WIC transaction messages must conform with the most current X9.93 message specifications, USDA WIC EBT Technical Implementation Guide, and USDA WIC EBT Operating Rules.

**F. Transaction Fee Accounting**

WIC EBT transactions will be processed at no cost to the WIC cardholder or client. The Contractor will ensure that the client can purchase up to 50 food items during each shopping trip in accordance with WIC EBT Operating Rules and is not limited in the number of shopping trips made during the benefit period. The Contractor must also be able to accommodate a change to the number of items a client can purchase in a single shopping trip in the event of a change to WIC Operating Rules.

**G. Adding New Benefit Programs to a New Card**

The Contractor must provide the functionality to add new benefit programs and/or issue new EBT cards for non-WIC program benefits. The Contractor's EBT system must be able to leverage the WIC EBT architecture and UPC/PLU mapping to provide food packages to clients participating in nutrition assistance programs other than WIC. An example of a new benefit program would include Summer EBT for Children (SEBTC). SEBTC is a demonstration project whereby benefits are issued to school-aged children during the summer months when the Free or Reduced Lunch Program is not available. SEBTC food benefits are limited to an Approved Product List (APL) determined by Michigan WIC and FNS, which may contain UPCs/PLUs that are prohibited in the Michigan WIC APL. SEBTC enrollment data changes annually and all is submitted to the Contractor at one time. A batch file transfer will be used to create participating SEBTC families' records, assign food packages, and issue benefits. The Contractor's system must be flexible enough to be able to accommodate new benefit programs including issuing separate benefits and maintaining separate data and reports for WIC and SEBTC.

**5. TRAINING AND TRAINING MATERIALS**

The State requires that any conversion of the EBT system be invisible to the clients, and as invisible as possible to the retailers and State employees. Upon conversion, should retraining of any of the parties be necessary, the Contractor will specify comprehensive conversion and training plans for clients, participating retailers, and State and county administrative staff.

The client training plans must include provisions for communicating with English, Spanish, and Arabic language clients. The training package must include written materials and the training video(s) as specified in Section 5.A.2. – Option 2 – Video for Local Offices. Contractors may also specify interactive training materials for conversion training. The training packages will cover the same topics listed under Section 5.A.1 – Option 1 – Mail Only Training. In summary, the core service requirement is the preparation of comprehensive training plans and training materials for clients, retailers, and State administrative staff.

Any training facilities used must adhere to the Americans with Disabilities Act (ADA) for both physical access and actual training materials

Contractor must develop both client and retailer WIC electronic benefit anti trafficking video training

Purchase of any of the following client training services materials will be at the option of the State:

**A. Client Training**

The following client training methods will be presented by the Contractors and priced as instructed in Schedule B - Pricing. The State may choose one or more of these methods for delivery of training. In its training plan, the Contractor will incorporate all optional methods and curricula it would deliver to recipients.

**1. Option 1 - Mail Only Training:**

The Contractors will specify, in detail, what information, materials, and methods would be included in delivering training solely through the mail. The Contractors must describe an anticipated success rate or client acceptance rate for this training method.

2. **Option 2 – Video for Local Offices:**  
Contractors will provide, in detail, the information and methods to be used for training videos that will be placed in local offices for viewing by clients.
3. **Option 3 – Online materials**  
Electronic version of the hard copy document.  
[https://www.michigan.gov/documents/DHS-PUB-0322\\_157293\\_7.pdf](https://www.michigan.gov/documents/DHS-PUB-0322_157293_7.pdf)

#### **B. Administrative Staff Training**

The following administrative staff training methods will be presented by the Contractors and priced as instructed in Schedule B – Pricing. The State may choose one or more of these methods for delivery of training.

1. **Option 1 - Train-the-Trainers**  
Contractor will submit in its plan an approach for the training of State training staff. Afterwards, these staff will be responsible for training other State and local administrative staff. The Contractor's plan for training State trainers will include all topics listed in Section 5.D. 2. Administrative Training Materials and will include instructions and demonstrations on how to use the administrative functions available to the State staff. If the State selects this methodology, the Contractor will provide the curriculum and materials for State trainers to use in the training of other staff, in formats and quantities specified by the State.
2. **Option 2 - Hands-on-Training for State Staff and Staff from all Counties**  
The State may opt to have the Contractor provide hands-on, interactive training to all State and Local Office staff responsible for processing EBT transactions. Topics for this method listed in Section 5.D. 2. Administrative Training Materials.

#### **C. Retailer Training**

The Contractor will issue written training materials and a training video to all retailers participating in the Michigan EBT program. Technical materials regarding settlement procedures, EBT transaction sets, and other topics required to enable a retailer to participate in EBT will also be issued.

#### **D. Training Materials**

The Contractor will provide all State and local agency staff, EBT clients, and participating retailers with training materials. The following training materials are required from the Contractor for both EBT and WIC.

##### **1. Client Training Materials**

All EBT and WIC clients will be provided with standard printed training materials only with initial card issuance. The training materials must be written in easy-to-understand language – understood to be at a fifth (5<sup>th</sup>) grade reading level. Printed training materials must be provided in pamphlet format in English, Spanish, Arabic, and Braille. The Contractor will be responsible for printing and distribution of training pamphlets to designated Michigan State locations (approximately 90) and for providing a training pamphlet to all clients who receive their cards via the mail (refer to Section 6.2.D.14 - Card and PIN Issuance). The quantity of training pamphlets to be produced by the Contractor will be adequate to supply clients for the life of the contract. At a minimum, the training pamphlet will include the following topics:

- a. Use of the Michigan EBT Card and benefit transactions that can be processed at POS terminals (including information on numbers and costs of transactions).
- b. Use of the Michigan EBT Card and benefit transactions that can be processed at ATMs (including information on numbers and costs of transactions).

- c. Use and safeguarding of the card and PIN.
- d. Card replacement and PIN change processes.
- e. Manual FNS transaction procedures.
- f. Benefit availability dates.
- g. Guidance on reporting problems with the card or its use and on reporting a lost or stolen Michigan EBT Card;
- h. Procedures for accessing EBT benefits when the client leaves the EBT area.
- i. Use of the transaction receipt to track balances.
- j. Use of the IVRU.
- k. Use of Contractor supplied online account access.
- l. Instructions on how to access Customer Service, including instructions on use of IVRU technology used to support access to client information.
- m. Federal non-discrimination statement as stated in section 2.1.B
- n. Client training brochure related to the excessive card replacement policy per Michigan PUB 322, (the current version can be found at [https://www.michigan.gov/documents/DHS-PUB-0322\\_157293\\_7.pdf](https://www.michigan.gov/documents/DHS-PUB-0322_157293_7.pdf))

The Contractor will also develop and distribute an EBT client training video for use in the State and local agency offices. The client training video must be no more than 15 minutes in length, and will meet the topical, language, and difficulty requirements specified above.

## **2. Administrative Training Materials**

The Contractor will also provide written training materials for State and local agency staff. In addition to materials provided on paper or other presentation media, training materials will be provided on electronic media (DVD or CD) in a word processing application approved by the State. Administrative training materials will cover the following topics for both EBT and WIC and must be provided in other languages (Spanish and Arabic) upon request:

- a. Training clients in use of EBT.
- b. Administrative terminal/software functionality
- c. Operation and use of any proposed card personalization and administrative POS equipment
- d. System security and access control
- e. EBT system customer service functionality.

## **3. Retailer Training Materials**

The Contractor will provide written training materials for participating retailers, for the life of the contract. In addition to materials provided on paper or other presentation media, training materials will be provided on electronic media (DVD or CD) in a word processing application approved by the State. Retailer training materials will cover the following topics for EBT and WIC:

- a. How to acquire information on and/or participate in the Michigan EBT and WIC program.
- b. EBT transaction functionality.

- c. Administrative terminal functionality.
- d. EBT Settlement.
- e. Operation and use of any marketed card POS equipment.
- f. System security and access control.
- g. EBT retailer customer service functionality.
- h. Instructions on how to access Customer Service, including instructions on use of IVRU technology used to support access to retailer information.

The Contractor will develop and distribute an EBT retailer training video for use by participating retailers. The content of the final retailer training video will be negotiated between the State and the Contractor.

## **6. SERVICE LEVEL AGREEMENTS (SLAs)**

### **6.1. Time Frames**

All Deliverables must be delivered within 30 business days from receipt of order, unless otherwise agreed to in writing by the Parties. The receipt of order date is pursuant to Section 19. Ordering, of the Standard Contract Terms.

### **6.2. Additional Regulatory Requirements**

#### **A. EBT All Regulatory Requirements**

The Contractor must be liable for Contractor errors in the authorization and/or issuance of State and County-administered program Benefits for recipient Accounts as described in the most current 2 CFR 200, 45 CFR 74, and 7 CFR 276. The Contractor must bear all liability for any losses resulting from errors or omissions including fraud and abuse on the part of the Contractor or its representatives or Subcontractors. These liabilities include, but are not limited to:

1. Any duplicate or erroneous postings of Benefits or void actions to a Cardholder's Account.
2. Any losses from funds drawn down from an Account after the Cardholder notified the Contractor that the Card had been lost or stolen.
3. Any losses from transactions performed with Cards issued but not activated by the Cardholder or the Contractor.
4. Any losses from transactions completed using invalid FNS authorization numbers and invalid WIC merchant identification numbers.
5. Any damages or losses suffered by a federal, State, or County agency due to negligence on the part of the Contractor.
6. Loss or misuse of Cards and/or cardstock until Cards and/or cardstock are received at locations designated by the State or Counties.

The Contractor must be in compliance with IRS rules regarding payments made in Settlement of payment Card and third-party transactions, specifically the most current 26 CFR 1.6050W. The Contractor must follow all applicable federal and State laws, rules, and policies including, without limitation, those relating to EBT and to information security, confidentiality, and privacy. The Contractor must complete and submit the Iran Contracting Act of 2010 Form each time its Contract is renewed.

#### **B. Food and Cash EBT Only Regulatory Requirements**

The Contractor must be in compliance with the most current FNS federal regulations regarding the federal SNAP 7 CFR and specifically:

1. Direct Final Rule re: SNAP, Regulation Restructuring: Issuance Regulation Update and Reorganization to Reflect the End of Coupon Issuance Systems; Federal Register, Vol. 75, No. 69, Monday, April 12, 2010.
2. Final Rule re: SNAP: EBT Benefit Adjustments; Federal Register, Vol. 65, No. 129, Wednesday, July 5, 2000.
3. Final Rule re: SNAP Reauthorization: EBT and Retail Food Stores Provisions of the SNAP Reauthorization Act of 2002; Vol. 70, No. 232, Monday, December 5, 2005.
4. Final Rule and Interim Rule re: Regulatory Review: Standards for Approval and Operation of SNAP EBT Systems; Vol. 70, No. 68, Monday, April 11, 2005.
5. Final Rule re: EBT Systems Interoperability and Portability; Vol. 68, No. 122, Wednesday, June 25, 2003.
6. Final Rule re: SNAP, Regulatory Review: EBT Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Vol. 65, No. 193, Wednesday, October 4, 2000.
7. All changes, updates, revisions, and policy interpretations of the federal regulations as enacted by law or the FNS.
8. Any waiver to the federal regulations granted to the State by the FNS for EBT purposes (see Attachment L – Michigan Waivers).

The Contractor must adhere to the current approved version of the Quest® Operating Rules, which set forth the requirements for the distribution of government Benefits under the Quest® Mark. The Contractor must provide the State, on an annual basis, with a copy of the Contractor's Statement on Standards for Attestation Engagements No. 18 (SSAE18), or an equivalent Report that meets the most current federal regulation 7 CFR 274.1(i).

**C. WIC Regulatory Requirements**

The Contractor must be in compliance with the most current FNS federal regulations regarding the WIC Program 7 CFR 246, Special Supplemental Nutrition Program for WIC. The Contractor must adhere to the current approved version of the USDA-FNS Operating Rules for WIC EBT, to the EBT-applicable portions of the current approved version of the USDA-FNS Functional Requirements Document for a Model WIC Information System, and to the current approved version of the FNS WIC EBT Technical Implementation Guide.

**D. Governing Regulations and Performance Standards**

The Contractor will comply with the following rules and regulations that govern EBT systems and operations:

**1. NACHA Quest Rules**

Quest® Rules, Version 2.2, dated September 2014, plus all subsequent revisions and amendments to these rules.

**2. FNS Regulations**

The most current version of USDA FNS Federal Regulations regarding the SNAP Program 7 CFR Chapter C part 271 - 285 and specifically:

- a. Section §274.12, EBT Issuance System Approval Standards;
- b. Final Rule re: SNAP Program: EBT Benefit Adjustments; Federal Register, Vol. 65, No. 129, Wednesday, July 5, 2000;
- c. Final Rule re: SNAP Program: EBT Systems Interoperability and Portability; Federal Register, Vol. 68, No. 122, June 25, 2003;

- d. Final Rule re: SNAP Program, Regulatory Review: EBT Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; Vol. 65, No. 193, Wednesday, October 4, 2000.
- e. All changes, updates, revisions, and policy interpretations of the federal regulations as enacted by law or FNS including 1) Standards for Approval and Operations of SNAP EBT Systems, and 2) EBT and Retail Food Store Provisions of the SNAP Reauthorization Act of 2002.

Waivers to the federal regulations may be granted to the State by FNS for EBT purposes. Waivers may be requested, granted or discontinued at any time. To review the current list of waivers, please reference Attachment L – Michigan Waivers.

### **3. State Rules**

The Contractor will follow all applicable state law, rules, or policies relating to EBT, including terms and conditions within the EBT contract.

### **4. Performance Standards**

The following information defines the State's requirement for performance standards for components of the delivery of EBT services, and then defines the performance deficiencies that may trigger the invocation of reduced payments made to the contractor.

#### **a. EBT Central Computer Uptime**

The EBT Central Computer Transaction Processing Services (as defined in Schedule E, Exhibit 1, section 3.6) will be "up" 99.9% of the time measured on a monthly basis. The EBT Central Computer consists of all system functions pertaining to the EBT transaction authorization platform over which the Contractor has direct control, either directly or through a subcontractor relationship.

Failure of EBT Central Computer Transaction Processing Services to be "up" 99.9% of the time measured on a monthly basis. Scheduled maintenance time is not calculated in the 99.9% "up" time. The Transaction Processing Services service levels are more specifically described in Schedule E, Exhibit 1, section 3.6.

#### **b. Settlement and ACH Processes**

1. The timeframe for ACH settlement window will be met 90% of the time measured on a monthly basis.
2. AMA Entries will be made with 100% accuracy.
3. STARS daily redemption totals will be provided to the Benefit Redemption System Branch (BRSB) at least weekly with 100% accuracy.

#### **c. Performance Deficiencies**

Failure to meet the stated timeframe for ACH settlement window allows the State the right to reduce reimbursement amount of 10% of total payment owed to the Contractor by the State. Two (2) or more errors in providing AMA data to the FRB of Richmond over a two (2)-month period allows the State the right to reduce reimbursement amount of 20% of total payment owed to the Contractor by the State. Two (2) or more errors in the daily redemption totals provided to the BRSB over a two (2)-month period allows the State the right to reduce reimbursement amount of 20% of total payment owed to the Contractor by the State.

### **5. Benefit Availability**

Daily benefits received by 11:00 pm EST will be in the clients' accounts by 8:00 am EST the next morning. Monthly benefits will be in the recipient's accounts by 8:00 a.m. EST on the scheduled day of benefit availability. WIC electronic benefits will be available by 8:00 a.m.

Failure to have benefits available by 8:00 am EST for two (2) or more days within a calendar month may result in the State, at its discretion, reducing payments as a form of Liquidated Damages to the Contractor for Call Center and IVRU charges by 2x the charges incurred by the State for affected cardholders for the time period of the delay in benefit availability, for a period of up to 48 hours after the issue is resolved by Contractor.

**6. EBT Switching Services**

The Debit Switch service will be available 99.8% in any calendar month after deducting for scheduled downtime or failure of communication lines or telecommunications equipment out of the control of the Contractor.

Failure to provide Debit Switch Availability 99.8% of the time in any calendar month may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards section.

**7. Transaction Response Time**

For leased line systems, 98% of EBT transactions shall be processed within 10 seconds or less and all EBT transactions shall be processed within 15 seconds.

Leased line systems rent telecommunications carriers specifically to connect to the central authorizing computer. For dial-up systems, 95 percent of the EBT transactions shall be processed within 15 seconds or less and all EBT transactions shall be processed within 20 seconds or less. Dial-up systems utilize existing telecommunications lines to dial up and connect to the central computer at the time of the transaction. Processing response time shall be measured at the POS terminal from the time the 'enter' or 'send' key is pressed to the receipt and display of authorization or disapproval information. TPPs, as defined in paragraph (h)(5) of this section, shall be required by the State agency to comply with the same processing response times required of the primary processor.

Failure to adhere to performance objectives in this section may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards Section of this Contract.

**8. Inaccurate Transactions**

No more than 2 inaccurate transactions per every 10,000 Food Benefit and other financial transactions will occur measured on a monthly basis.

**9. Failure to maintain an accuracy standard of no more than 2 errors per every 10,000 SNAP and other financial transactions for a month may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.**

**10. Customer Service Help Desks**

- a. Ninety-five percent (95%) of all calls answered within 4 rings, defined as 24 seconds, measured over a 3-month period.
- b. Ninety-seven percent (97%) of all calls for CSR must be answered within 2 minutes measured over a three-month period.

- c. One hundred percent (100%) of CSR calls to be answered within five (5) minutes.

Failure to comply with these requirements may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.

**11. Host Response Time for Administrative Terminal Transactions**

Host response time for administrative terminal transactions for online data will not exceed 10 seconds 98% of the time measured on a monthly basis.

Failure to comply with these requirements may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.

**12. Equipment Installation for EBT-only Retailers**

100% of the newly authorized retailers must have access to EBT system within 2 weeks of the Contractor receiving the retailer's contract, retailer-initiated delays not included, measured over a 3-month period. Failure to install 100% of the terminals within 2 weeks of the Contractor receiving the contract from the retailer, measured over a 3-month period may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.

**13. Replacement of Non-Working POS Terminals**

POS terminals that are deemed by the Contractor to be non-functional will be replaced within 48 hours of the device being reported as non-functional.

**14. Card and PIN Issuance**

- a. Card and PIN issuance must comply with the most current FNS rules and regulations regarding card issuance and replacement. 7 CFR 274.6.
- b. Files received by 11:59 PM EST will result in cards being mailed the next day, files received by 11:59 AM EST will result in cards being mailed the same day. The Contractor will establish inventory controls to ensure card requests from the State are only from authorized sources and are shipped to the appropriate State authorized sites.
- c. Card equipment replacement & repair standards  
Card equipment replacement & repair standards will equal that identified for retailer POS equipment unless otherwise defined during functional or detailed design or during testing.
- d. OTC-expedite standards:  
Cards will be shipped to specified sites only upon request from State authorized sources; inventory controls will be established as described above  
  
Shipments will occur in established quantities within 2 business days by secure, registered carrier. Cards activated OTC will result in host updates within 10 seconds of transmission; card activation procedures appropriate to county locations will be instituted.

Failure to mail cards in accordance with contractual requirement may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.

**15. Project Status Reporting**

- a. The Management Reports defined in Attachment J – SNAP EBT and WIC EBT Requirements and Deliverables will be provided on a timely basis to the State.

Weekly reports will be provided by close of business on Mondays, or the next business day if Monday is a holiday. Monthly reports will be provided by the 15<sup>th</sup> of the following month.

- b. Monthly Customer Service Statistics Reports will be provided no later than the 25<sup>th</sup> of the following month.
- c. **Twice-monthly Progress Report-** Contractor will assign a project manager to oversee all aspects of the project. Both parties will mutually create and agree to a detailed project plan covering all project activities and monitor the progress of the project on a twice-monthly basis by sharing update project plans.
- d. **Accomplishments:** Indicate what was worked on and what was completed during the current reporting period.
- e. **Funds:** Indicate the amount of time expended during the current reporting period, and the cumulative total to date for the project.
- f. **Issues and Risks:** Indicate any concerns or topics that may jeopardize the scope, schedule, milestones and deliverables.

Failure to deliver reports to the State within the required timeframe unless advance approval is received by the State may result in the invocation of the reduced payment as outlined in Section 6.2.D.18 - Credits for Non-Compliance with Performance Standards.

#### **16. Change Request Control Process**

State-initiated change orders to the system/program baseline and conforming changes must be initiated through mutual agreement and following the standards of Standard Contract Terms Sections 5 and 6. The State's EBT PM will forward a written Change Request to the Contractor's designee for analysis of potential impacts on schedule (during development or transition), system interface, resources, hours and/or costs. The Contractor must acknowledge receipt, initiate discussions, and return the Change Request Form and the results of the analysis to the State's EBT PM within two weeks (14 calendar days) of receipt.

The Contractor must not begin work on a Change Request until written approval is received from the State. Requested modifications must be incorporated and the revised analysis resubmitted within two (2) weeks of receipt of the State requested modification. The State will designate Change Requests as low, medium, or high priority. It is expected that work on low priority changes must begin within 180 calendar days of written approval by the States. Work on medium priority changes must be initiated by the Contractor within 60 calendar days of written approval by the State and that work on high priority changes must be initiated by the Contractor within 30 calendar days of written approval by the State. The Contractor must provide agreed upon start and completion dates within 14 calendar days following the approval of the change request by the States.

The Contractor must include in their monthly status report the status of the enhancement and its progress against the timeline for the approved change request. The State will monitor implementation of the approved changes through routine program management, including scheduled status reports and status meetings. Upon authorization of the change, the Contractor must include the change in work plans, allocate resources as appropriate, and must provide ongoing status reports, as part of the regular status report, with hour and cost accounting (if any) to the States until such time as the change has been completed and accepted by the State. The Contractor must provide up to 300 hours of combined design, development, and testing time to each State for each year of the respective State's contract at no cost to the State, to be applied to any Change

Requests issued by the States. The Contractor must not apply personnel time toward the 300 hours for self-initiated system changes/enhancements or for any work necessary, including remedial changes, to maintain system functionality under the terms of the contract. Any personnel time applied toward the 300 hours must have prior approval by the States. For State requested changes that exceed the allocated 300 hours, a cost estimate must be provided, by hour, utilizing the hourly rate for the labor grades provided in **Schedule B – Additional Services Pricing** of Contractor’s proposal. Any unused hours in a given year must be rolled over into the following year. Rollover hours will be used first and will expire after one (1) year. Upon completion of a system change, the Contractor must provide the States with a statement that details the number of hours used toward the change/enhancement effort, how those hours were used, and the hours available to the States for the remainder of the year. In addition, the Contractor must provide the States with the number of hours available for changes/ enhancements for the remainder of the year, as part of the regular status report from the Project Manager.

**17. Response to Enhancement/Change Requests**

The Contractor must acknowledge receipt of request within one (1) business day and respond to Enhancement/Change requests with the estimated hours to complete the Enhancement and/or Change Request within two (2) weeks (or 14 calendar days) of receiving the request. Upon approval of the change request by the State, start and completion date must be provided within 14 calendar days. In consultation with the State, the Contractor must designate Enhancement/Change Requests as low, medium, or high priority. Low priority changes must be initiated within 180 calendar days of written approval by the State. Medium priority changes must be initiated by the Contractor within 60 calendar days of written approval by the State. High priority changes must be initiated by the Contractor within 30 calendar days of written approval by the State.

Failure to provide a response to any Enhancement and/or Change request within the promised timeframe may result in the invocation of the reduced payment, as a form of Liquidated Damages, according to the following schedule:

- a. 5% of the total cost of the Change Request for work deemed late on low priority changes,
- b. 10% of the total cost of the Change Request for work deemed late on medium priority changes, and
- c. 25% of the total cost of the Change Request for work deemed late on high priority changes.

In addition to the above, if the delays mentioned in this section occur during the use of the 300 Change Request hours and damages are assessed, these hours will not be deducted from the total annual amount available to the State.

**Any Performance standards modified by FNS subsequent to this contract will apply to this contract.**

**18. Credits for Non-Compliance with Performance Standards**

Performance deficiencies listed above for which liquidated damages have not already been defined above or within Schedule E, Exhibit 1, section 3.6, will be subject to payment reduction provisions described below in this Section 18. The remedies set forth do not preclude the use of any other remedy provided by the Contract or applicable law; however, the State agrees to invoke the payment reduction provisions as its first avenue in seeking to resolve performance deficiencies, except in instances set forth in the Contract Terms and Conditions. The State’s election not to invoke the payment reduction provisions in any instance of performance deficiency will not be deemed to be a waiver of

the State's right to invoke the payment reduction provisions in any other instance; provided however that if the State elects not to invoke a payment reduction for a particular instance of performance deficiency its right to later reduce payment related to that instance shall be waived.

The State will notify the Contractor of the first incident of failure to meet one or more of the defined performance standards and request a corrective action plan. The State will set a date for submission of the plan. If the State does not receive the plan by the due date and no extension has been granted, the State may, at its discretion, invoke the appropriate "first month's reduced payment" remedy per the schedule.

If the State receives the plan by the due date, it will work with the Contractor to achieve a mutually agreed upon final corrective action plan and schedule. The State may, at its discretion, invoke the appropriate "first month's payment reduction" remedy if the Contractor does not meet the schedule and no extension has been granted.

The State will notify the Contractor when it is satisfied that the problem has been corrected. If the State determines that, after the expiration of the corrective action schedule, the incident has occurred again (second incident), the State may, at its discretion, invoke the payment reduction schedule until such time as the failure is remedied.

The State may, at its discretion as a form of Liquidated Damages, deduct/reduce compensation payments to the Contractor according to the following schedule:

- a. First month – The State may reduce reimbursement amount often percent (10%) of total monthly payment owed to the Contractor by the State for the applicable SNAP or WIC program affected.
- b. Second consecutive month – The State may reduce reimbursement amount of twenty percent (20%) of total monthly payments owed to the Contractor by the State for the applicable SNAP or WIC program affected.
- c. Third and additional consecutive months – The State may reduce reimbursement amount of thirty percent (30%) of total monthly payments owed to the Contractor by the State for the applicable SNAP or WIC program affected.

The total liquidated damages assessed in a given month will not exceed thirty percent (30%) of the total monthly payment owed to the Contractor by the State.

### **6.3. Acceptance**

The MDHHS Project Manager (PM) will monitor performance to determine that all standards are met and deliverables are satisfactory based on the required reporting by the Contractor.

Satisfactory delivery and acceptance of sub-deliverables does not complete the requirement of final acceptance.

Signature approval of contractor invoices by the MDHHS PM is required and shows acceptance of the services rendered.

Compensation and Payment will be determined in accordance with the pricing cost models in Schedule B - Pricing, and those service options selected by the State.

The MDHHS program office, specifically the PM or designee, is responsible for preparing an annual work plan for each fiscal period. This work plan is developed and presented to the Contractor for review and signature. This activity must be accomplished in time for processing before the start of the fiscal year on October 1.

The MDHHS annual work plan will detail the activities within the scope of the contract that MDHHS expects to receive during that State fiscal year. The pricing as established by the contract will apply to these expected activities.

The MDHHS PM and the Contractor will work together to reach agreement on the schedule for each fiscal period to ensure that both parties understand and agree on what work will be expected and reimbursed in each fiscal year.

#### **6.4. Testing Requirements**

Immediately upon completion and approval of the design documents, the Contractor will update system test plans and will provide system test scripts. Test scripts will provide detailed, step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts will also describe the desired system outcomes and actual test results of the Contractor. The Contractor will develop, provide a complete listing, and control test data in cooperation with the State. Tests will comply with the most current 7 CFR 274.12, FNS Handbook 901, and State requirements as stipulated in the Contract.

Contractor will provide the State access to the Contractor's test system to support State testing of the full range of EBT functionality. Contractor will provide administrative terminal and POS terminal access to the test system and will provide an interface with State test systems. The Contractor will supply POS terminals and other equipment necessary to test the full scope of EBT services provided to the State. Contractor will provide access to the test system throughout the term of the State contract. Testing must be compliant with the most current 7 CFR 277.18 and FNS Handbook 901.

##### **A. Separate Tests**

Separate tests and/or demonstrations of each type detailed below are required for the online EBT system and the WIC services system. Contractor are required to complete two (2) successful runs of each test. Tests must be compliant with FNS Handbook 901, section 6.0 – Test Planning. Required system tests and demonstrations that will be conducted by the Contractor during the conversion phase of the project include:

##### **1. Functional Demonstration**

The functional demonstration will provide state, local, and federal representatives the opportunity to review planned EBT system operations. The Contractor will prepare a report of the demonstration results including any system modifications that were identified. The functional demonstration will occur as early as possible but no later than six (6) weeks prior to the system acceptance test to ensure the design is proceeding according to the expectations of both the State and the Contractor. Functional demonstrations will be required for each newly developed functionality. The State may choose to combine the functional demonstration with the acceptance test.

##### **2. System Acceptance Test**

The System Acceptance test will provide state, local, and federal representatives the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. At a minimum, this test will consist of functional requirements, security, recovery, controls, regression and "what if" testing. During the test script portion of the acceptance test, representatives will follow detailed test scripts developed by the Contractor. The test scripts will cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., hardware and communications failure and entry of erroneous data).

The ad hoc or "what if" portion of the acceptance test will provide the state and federal representatives the opportunity to include various transaction sets and sequences that may not have been included in the test scripts and to challenge the system's operations and design.

3. **Network Performance Test**  
The Network Performance test will be conducted on the EBT system's communications network to ensure that the network is capable of handling the anticipated transaction volume within the required response time and error threshold specified in this contract.
4. **System Stress Test**  
The System Stress test will examine the software and hardware capacity of the system. Test results will be used to formulate a system capacity model to determine the appropriate hardware and software requirements in order to properly size the EBT system to accommodate the anticipated transaction volumes.
5. **Interface Test**  
The Interface test will be conducted between the Contractor's system and the State to ensure that all files transferred from the State to the EBT host and from the EBT host to the State are properly received, accepted, and processed. This testing will also include WIC online transaction processing and administrative terminal software functionality and operation on State/local hardware platforms.
6. **IVRU Test**  
The IVRU system will be tested to ensure that the system properly accepts, processes, and transfers calls within agreed specifications.
7. **Live Demonstration**  
The Live Demonstration will test the EBT system's processing capabilities from the point of transaction entry through authorization, settlement, and funds movement.
8. **Conversion Test**  
System testing requirements outlined above will be completed in a time period to be specified in the final Contract.

## **B. Test Reports**

The Contractor will provide reports describing the results of each test and any additional test required to satisfy the test objectives. In addition, the test reports will also describe necessary system modifications that are identified during system testing. The Contractor will submit the final system test reports as specified in section 11. Reports.

## **7. STAFFING**

### **7.1. Work Hours**

To ensure 99.9% uptime of the system, Contractor's technical staff must be available 24 hours per day, 7 days per week, 365 days per year.

### **7.2. Key Personnel**

The Contractor must appoint one (1) Program Manager (PM) for both programs, or one (1)PM for SNAP EBT and one (1) PM for WIC EBT, who will be directly responsible for the day-to-day operations of the Contract relating to program requirements for both SNAP EBT and WIC EBT services ("Key Personnel"). Key Personnel must be specifically assigned to the State account, be knowledgeable on the contractual requirements, and respond to State inquires within 1 hour.

The State has the right to recommend and approve in writing the initial assignment, as well as any proposed reassignment or replacement by the Contractor of all Key Personnel assigned to the Michigan EBT project including Michigan WIC. Before assigning an individual to any Key Personnel position, Contractor will notify the State of the proposed assignment, introduce the individual to the State's PM, and provide the State with a resume and any other information about the individual reasonably requested by the State. The contractor will assign a program administrator/PM as a primary point of contact, as well as a backup, for all Michigan EBT services including WIC. Michigan EBT and WIC may have separate

points of contact for program assistance. The State reserves the right to interview the individual(s) before granting written approval. In the event the State finds a proposed individual unacceptable, the State will provide a written explanation including reasonable detail outlining the reasons for the rejection. The State may require a 30-calendar day training period for replacement personnel.

The Contractor must notify the State PM at least 10 calendar days before removing or assigning a new PM.

Contractor will not remove any Key Personnel from their assigned roles on this Contract without the prior written consent of the State. The Contractor's removal of Key Personnel without the prior written consent of the State is an unauthorized removal ("Unauthorized Removal"). An Unauthorized Removal does not include replacing Key Personnel for reasons beyond the reasonable control of Contractor, including illness, disability, leave of absence, personal emergency circumstances, resignation, or for cause termination of the Key Personnel's employment. Any Unauthorized Removal may be considered by the State to be a material breach of this Contract, in respect of which the State may elect to terminate this Contract for cause under Termination for Cause in the Standard Terms. It is further acknowledged that an Unauthorized Removal will interfere with the timely and proper completion of this Contract, to the loss and damage of the State, and that it would be impracticable and extremely difficult to fix the actual damage sustained by the State as a result of any Unauthorized Removal. Therefore, Contractor and the State agree that in the case of any Unauthorized Removal in respect of which the State does not elect to exercise its rights under Termination for Cause, Contractor will issue to the State the corresponding credits set forth below (each, an "Unauthorized Removal Credit"):

**A. Replacement of Personnel at the State's Request**

The Contractor will comply with Section 15. Key Personnel of the Standard Contract terms. Before a written request is issued it will be discussed by authorized representatives of the State and the Contractor. Upon receipt of a written request from an authorized representative of the State, the Contractor will be required to proceed with the replacement. The replacement request will include the desired replacement date and the reason for the request. The Contractor will use its best efforts to affect the replacement in a manner that does not degrade service quality. This provision will not be deemed to give the State the right to require the Contractor to terminate any Contractor employee; it is intended to give the State only the right to require that the Contractor discontinue using an employee in the performance of services for the State.

**B. Replacement Personnel**

Any replacement personnel assigned by the Contractor to perform services under the Contract will have qualifications for the assigned position that equal or exceed those of the person being replaced.

**C. Unauthorized Removal Credit**

1. For the Unauthorized Removal of any Key Personnel designated in the applicable Statement of Work, the credit amount will be \$25,000.00 per individual if Contractor identifies a replacement approved by the State and assigns the replacement to shadow the Key Personnel who is leaving for a period of at least 30 calendar days before the Key Personnel's removal.
2. If Contractor fails to assign a replacement to shadow the removed Key Personnel for at least 30 calendar days, in addition to the \$10,000.00 credit specified above, Contractor will credit the State \$333.32 per calendar day for each day of the 30 calendar-day shadow period that the replacement Key Personnel does not shadow the removed Key Personnel, up to \$10,000.00 maximum per individual. The total Unauthorized Removal Credits that may be assessed per Unauthorized Removal and failure to provide 30 calendar days of shadowing will not exceed - \$20,000.00 per individual.

Contractor acknowledges and agrees that each of the Unauthorized Removal Credits assessed above: (i) is a reasonable estimate of and compensation for the anticipated or actual harm to the

State that may arise from the Unauthorized Removal, which would be impossible or very difficult to accurately estimate; and (ii) may, at the State's option, be credited or set off against any fees or other charges payable to Contractor under this Contract.

**D. Project Team Staff Qualifications**

Contractor must provide a project team that includes, at a minimum, the following proposed key staff positions:

1. PM (minimum 5 years related documented experience)
2. Contract Manager (minimum 2 years related documented experience)
3. Technical Manager (minimum 5 years related documented experience)
4. Telecommunications Manager (minimum 2 years related documented experience)
5. Testing Manager (minimum 2 years related documented experience)
6. Retail Manager (minimum 2 years related documented experience)
7. Cash Access Manager (minimum 2 years related documented experience)
8. Customer Liaison (minimum 2 years related documented experience)
9. Document Manager (minimum 2 years related documented experience)
10. Data Warehouse Support Analyst (minimum 3 years related documented experience)
11. Transition PM (minimum 3 years related documented experience)
12. WIC PM (minimum 3 years related documented experience)
13. WIC Technical Manager (minimum 3 years related documented experience)
14. WIC Transition and Implementation Lead (minimum 3 years related documented experience)

**7.3. Customer Service Toll-Free Number**

The Contractor's toll-free number for the State to make contact with the Contractor PM or designee 24 hours per day, 7 days per week, 365 days per year is (800) 848-6960.

**7.4. Project Management Staffing**

A. Contractor must provide a staffing plan with its proposal, and must include the following:

1. An organization chart showing how the Contractor proposes to staff the project by name, title, and areas being subcontracted, along with name of subcontractors (if using).
2. List key personnel and describe all resource requirements (positions including but not limited to title, function, etc.) roles and responsibilities.
3. Maintain staffing levels consistent with levels during the operational phase of the contract through the end of the contract.

**7.5. Disclosure of Subcontractors**

If the Contractor intends to utilize subcontractors, the Contractor must follow the Standard Contract Terms Section 13. Subcontracting and disclose the following:

- A. The legal business name; address; telephone number; a description of subcontractor's organization and the services it will provide; and information concerning subcontractor's ability to provide the Contract Activities.
- B. The relationship of the subcontractor to the Contractor.
- C. Whether the Contractor has a previous working experience with the subcontractor. If yes, provide the details of that previous relationship.

- D. A complete description of the Contract Activities that will be performed or provided by the subcontractor.

## **7.6. Meetings**

The Contractor must attend the following meetings:

- A. Kick-off meeting within 30 calendar days of the Effective Date,
- B. Meetings with/during transition according to plan, EBT 1 hr weekly meeting, WIC 30 min bi-weekly meeting,
- C. Continual meetings with any other Contractor during Transition-In or Transition-Out, and
- D. Other meetings the State, as it deems appropriate.

## **8. CUSTOMER SERVICE**

### **8.1. Required Service Groups**

The Contractor will provide and maintain Customer Service Center(s) housed and staffed within the State or within the United States of America, via toll-free, "1-800" number(s), 24 hours a day, 7 days a week, unless the State chooses to reduce these hours, 365 days per year.

#### **A. Client/Cardholder**

Customer Service Center(s) will provide current account and benefit access information to Clients/Cardholders. If the hours for Customer Service are reduced, Customer Service will be available 24 hours a day only for LOST/STOLEN transactions. The Client/Cardholder Customer Services Help Desk will be accessible to all clients/cardholders without charge or fee to them and will be used exclusively for EBT support. The Contractor will adhere to performance standards as specified under 8.3. Customer Service Performance Standards.

The State requires the contract allow for Clients to contact the Contractor's Customer Service using payphones, with the payphone charges being borne by the State. Contractors are required to respond with a cost for payphone charges in their pricing proposal, but the inclusion of payphone coverage in the Contract is optional, at the State's discretion.

The Contractor will provide to the State, Remote Call Center Monitoring for the State to ensure adequate service to the clients.

#### **1. IVRU**

Initial calls to the Customer Service Help Desk will be answered by an IVRU. The State reserves the right to review and approve the transaction flow and content of all IVRU messages, prompts, and customer service scripts. The Contractor will not change IVRU messages or menu functions without prior approval by the State.

The IVRU will have the ability to handle calls through speech recognition or by numerical prompts through the telephone. The IVRU will prompt the caller to indicate whether they are using a touch-tone telephone. If no response is recognized, the call will automatically be transferred to a Customer Services Representative. At a minimum, the IVRU will prompt and provide responses in Spanish, Arabic, and English.

#### **2. Customer Service Help Desk**

The live customer service help desk representatives will have the ability to provide information in Spanish, Arabic, and English. The Contractor will ensure through technical design, resource allocation, and staffing that each client/cardholder call is answered and attended in a manner consistent with standards provide in section for client/cardholder help lines.

The IVRU as well as the Customer Service Help Desk representatives will have the ability to handle all of the following:

- a. Report a Lost/Stolen Card
- b. Current Balance Inquiry (IVRU ONLY)
- c. Transaction History
- d. Account History
- e. Card Replacement
- f. PIN Creation/Change (IVRU ONLY)
- g. Benefit Access/Service Points
- h. Report Unauthorized Card Use
- i. Client Initiated Account Adjustment

Callers selecting "Report a Lost/Stolen card" from the IVRU menu will be immediately transferred to a live customer service representative. The customer service representative will:

- j. Confirm the client's identity using a State-approved security methodology.
  - k. Deactivate the lost/stolen card access to EBT benefit accounts.
  - l. Obtain detailed "last transaction" information (i.e., transaction type, program, site/location, amount, date).
  - m. Provide card replacement procedures to the caller, noting exceptions for 5<sup>th</sup> replacement card procedure for SNAP EBT only.
3. **Online/internet Account Access**  
An online web-based application will be made available to provide secure access to account balance and transaction history.
  4. **Customer Service Satisfaction Survey.**  
Contractor must provide an opt in/opt out survey no less then every twenty fifth (25th) caller to the customer services center to rate the quality, timeliness, and other service delivery elements carried out by the center. Customer quality satisfaction criteria is rated on a scale of one (1) to five (5) with one (1) being least satisfied and five (5) being most satisfied. More than 80% of survey responses must rate their experience as three (3) or higher in all categories. Results of this survey must be reported in the monthly customer service statistical measurements.

## **B. Retailer**

Retailer Customer Service Help Desk(s) will provide settlement information, manual FNS transaction authorization, general problem resolution, and current account and benefit access information. The Retailer Customer Services Help Desk will be accessible to all retailers participating in the Michigan EBT and/or Michigan WIC EBT program without charge or fee to the Retailers. The Retailer Help Desk will be used exclusively for EBT support and will adhere to performance standards as supplied under 8.3. Customer Service Performance Standards.

1. **IVRU**  
Initial calls to the retailer customer service help desk will be answered by an IVRU. The State reserves the right to review and approve the transaction flow and content of all IVRU messages, prompts, and customer service scripts. The Contractor will not change IVRU messages or menu functions without prior approval by the State.

The IVRU will have the ability to handle calls through voice recognition or by numerical prompts through the telephone. The IVRU will prompt the caller to indicate whether they are using a touch-tone telephone. If no response is recognized, the call will automatically be transferred to a Customer Service representative. At a minimum, the IVRU will prompt and provide responses in Spanish, Arabic, and English.

2. **Customer Service Help Desk**

The live customer service help desk representatives will have the ability to provide information in Spanish, Arabic, and English. The Contractor will ensure through technical design, resource allocation, and staffing that each retailer call is answered and attended in a manner consistent with standards provided in section for client/cardholder help lines.

The Contractor is encouraged to propose other transactions and/or uses of the IVRU/Customer Service Help Desk that would represent an effective and economical application of this technology while ensuring security of the retailer account information.

The Contractor will establish a daily, electronic financial settlement schedule(s), develop settlement policies and procedures, and provide settlement information over the Help line (refer to Section 1.30 SNAP EBT Settlement).

**C. State of Michigan**

To support EBT Settlement, the Contractor will establish an IVRU application to provide client information regarding current account balances and benefit access information to State agencies.

**8.2. Customer Service Performance Reports**

Customer Service performance reports will be used by Federal and State agencies to monitor the operations and performance of the EBT and WIC EBT system, Customer Service operations, and the IVRU system. The Contractor will furnish the State monthly reports relating to statistical information on the system utilization and response times. These reports will provide information from the first day of a reporting month to the last day of a reporting month. Reports must be separated to provide specific information on Client/Cardholder, Retailer, and State representative calls handled by the IVRU and calls handled by a live Customer Services Representative.

Data to be provided in reports include, but are not limited to:

A. **Client/Cardholder**

1. Account Statements
2. ATM/POS Related
3. Balance Inquiry
4. Benefit Availability
5. Claim Status
6. PIN Change
7. PIN Related
8. Report Complaint
9. Report Fraud
10. Disconnected Before Assistance
11. Total Client Calls Answered

B. **Retailer**

1. Manual Authorization Debit

2. Retailer Questions
  3. Disconnected before Assistance
  4. Total Retailer Calls Answered
- C. State
1. Calls from Local Offices
  2. Card Activation
  3. Card Status
  4. Total State Calls Answered
- D. General
1. Daily Number of Calls handled in English, Spanish, Arabic, Other
  2. Daily Number of Calls handled by Automated Voice Response Unit
    - a. Client/Cardholder
    - b. Retailer
    - c. State
  3. Daily Number of Calls handled by Customer Services Representative
    - a. Client/Cardholder
    - b. Retailer
    - c. State
  4. Monthly Top 50 Excessive Callers
  5. Monthly summary of average hold time per call when callers choose to leave the IVRU to speak to a live Customer Service Representative.
  6. Response time analysis information including a statistical summary of response times by merchant-terminal, ATM, third-party, and network acquirers.
  7. Utilization reports providing statistical information (i.e. capacity utilization) on the number and amount of transactions processed by card, case, merchant-terminal, ATM, third-party, and/or network.
  8. Monthly report on the IVRU availability, including a detailed documentation and explanation of both scheduled and unscheduled downtime or processing interruptions.

### **8.3. Customer Service Performance Standards**

Performance standard regarding the number of rings prior to the call being answered and the average time callers are on hold must be consistent with call standards set forth in section 6.2.D.10. Failure to meet the standards may result in Liquidated Damages per section 16. The Contractor is obligated to meet the minimum standards defined below:

- A. Availability
1. The contractor's IVRU/CSR must be available 99.9% of the time, excluding scheduled outages.
- B. Answer Rate
1. An average of ninety-five percent (95%) of calls (IVRU and CSR) must be answered within 24 seconds.
  2. Five percent (5%) of calls to be answered in 60 seconds.

3. No more than one percent (1%) of calls must receive a busy signal measured over a 3-month period.
4. A call automatically placed on hold prior to the caller receiving a prompt for caller response does not meet the definition of "answered" for the purposes of this contract.
5. The contractor must provide a response for average wait time for calls on hold.
6. The contractor must define measures to be taken to accommodate escalated call volumes.
7. Lost and stolen cards request will be given top priority in the call wait queue.

C. Wait Period

1. Ninety-seven percent (97%) of all calls for CSR must be answered within 2 minutes measured over a three-month period and
2. One hundred percent (100%) of CSR calls to be answered within five (5) minutes.

**9. PROJECT MANAGEMENT/PROJECT IMPLEMENTATION PLAN**

The Contractor will carry out this project under the direction and control of the PM. Within 30 calendar days of the Effective Date, the Contractor must submit a project plan to the PM for final approval. The plan must include: (a) the Contractor's organizational chart with names and title of personnel assigned to the project, which must align with the staffing stated in accepted proposals; and (b) the project breakdown showing sub-projects, tasks, and resources required.

**9.1. EBT Project Schedule**

The Contractor must propose an appropriate schedule for all EBT and WIC services implementation in the State which will be part of the required overall work plan. Target dates for key events in the project will be provided in the Contractor's proposed work plan and associated project schedule.

The EBT and WIC project consists of four generally sequential phases (although there may be some overlap). The phases, described in detail in subsequent sections, are:

- A. Design Phase (9.3 below)
- B. Development Phase (9.4 below)
- C. Transition Phase (9.5 below)
- D. Operations Phase (9.6 below)

Because of the many possible factors impacting the timeline that may be required for the design, development, and conversion to a new system, the State does not intend to prescribe any set period of time for each of the respective phases. Contractors are required to define the anticipated timelines and estimated completion dates for the project deliverables within each phase. However, the transition process must be completed within twelve (12) months (or sooner) following the signing of the new contract.

After the new contract is in place, the first deliverable required from the Contractor will be the final Project Work Plan, based on its proposal, using approved Project Management practices and industry standards. The plan will include, at a minimum, a schedule of all tasks and deliverables required throughout the project, by project phase. All critical path and dependency tasks must be identified and responsibilities of the Contractor, the State, and Federal agencies delineated. The Contractor will submit a preliminary Project Work Plan no later than 30 calendar days after signing the contract. The State will have no more than ten (10) working days to review and comment on the plan. The Contractor will provide the final Project Work Plan for approval no more than ten (10) working days following the receipt of the comments from the State.

## **9.2. Project Wide Conversion and Implementation Plan**

The Plan must address the processes to be used for conversion and implementation, how the processes will be tested, and contingency plans for problems and/or issues that may occur during the process. At a minimum, the plan must include the Contractor's approach to conversion/implementation activities in enough detail so that the State fully understands and has confidence that the approach will support a timely and successful conversion and implementation.

The Conversion and Implementation Plan must also contain a contingency fallback plan in case the conversion cannot be completed in a timely manner due to conversion issues. FNS must approve the final Implementation/Conversion Plan.

Edits to the draft Project Wide Conversion and Implementation Plan provided with the bid submission is due to the Michigan EBT Project Management Team within four (4) weeks from Contract execution. The Implementation Plan must be presented to the State for review and approval at least six (6) months prior to the contract go-live date and address each of the contracted Michigan SNAP and CASH Programs involved in the system project. Specific sections of the Implementation Plan must be included for each participating program.

The Conversion and Implementation Plan must include, but not be limited to, general and program specific information regarding:

- A. Deliverables, milestones and "Go/No Go" decisions.
- B. Conversion of acquirers and retailers including the retailer database.
- C. Conversion of each Program's client database to include account aging information including expungement and escheatment dates, where appropriate, and transfer of the Program's transaction history.
- D. Provide an Integrated Contractor Interface Specifications Document. The document must contain sufficient details so retailers with integrated ECR/POS systems will have the requirements necessary to modify their systems and exchange files with the EBT system. This includes establishing interfaces with the Programs' MIS, certification, and/or eligibility systems.
- E. Coordinating with other contractor or Michigan staff involved in Program interfaces, to include timelines, milestones, roles and responsibilities, and level of work effort to be expected by State IT staff.
- F. Approach to testing and conversion.
- G. Coordinating training efforts.
- H. Implementing card production and distribution, to include replacement of EBT cards, as required.
  - I. Implementing customer service, IVRU and web portals.
- J. Implementing participant customer services as required for the technical solution, to include maintaining the ability of CSRs to complete card status functions reported during the conversion.
- K. Coordinating with FNS, the Treasury Department, and the Federal Reserve Bank (FRB) in transferring State Automated Standard Application for Payments (ASAP) system account balances between Contractors, if required.
- L. Establishing Administrative Terminal application connectivity.
- M. Coordinating State Office and local office/clinic equipment installation and testing.
- N. In conjunction with the State, developing a series of critical paths points and quality assurance checkpoints with specific dates and testing criteria during the conversion process to assure progress timelines and expected results are being met.

- O. Coordinate statewide conversion activities with the data migration. Data migration plan and conversion must be completed 90 days prior to the end of the existing contract.

### **9.3. Design Phase**

The timeframe for the deliverables from the Project Design Phase will be based upon tasks and deliverables identified within the Project Work Plan. The Design Phase will commence with the signing of a contract and will continue for the timeframe identified within the Contractor's response and proposed work plan and mutually agreed upon by the State and the Contractor. All deliverables identified within the project plan are subject to State review and approval. The Contractor will allow an appropriate time for the State to review and comment upon the deliverable.

#### **A. Transition Plan**

The Contractor will be responsible for the migration of the client and retailer database from the current Contractor's EBT system to the new EBT system, if required. The new contractor must coordinate with the old contractor in a professional and productive manner during the transition phase. Contractor will prepare transition plans for both EBT and WIC that covers each of the following activities in detail:

1. Migration of transaction acquirers (Contractor)
2. POS device deployment and installation (Contractor)
3. Migration of client database including TANF funded programs and WIC separately. (Contractor)
  - a. As part of the conversion process, three (3) years of transaction history must be provided by month in a flat file with a standard fixed format.
  - b. The contractor must be expected to work collaboratively with the State and any other entity designated by the State to facilitate an orderly transition at the end of its contract term.
  - c. The Contractor must coordinate migration efforts of customer service-based records the night of the Contractor transition (go-live) including, but not limited to the transfer of all customer service records and appropriate ARU system messages.
4. Expungement of benefits in Food Assistance or cash accounts that have not been accessed for 365 days and are not available to the client. (Contractor)
5. Mock Runs (2-3, as deemed necessary by the State, MDHHS).
  - a. Current processor shares data file formats with new Contractor – based on Universal Interface.
  - b. State identifies test cases/scenarios. (State, MDHHS)
  - c. Prepare and run file conversions, extract data, transfer, and load into new system. Verify using static test case data: demographics, card PAN, PIN's - case client card file. (Contractor)
  - d. Verify Converted data and Database value calculation. (Contractor, State, MDHHS)
  - e. Following static data, extract dynamic data: benefits and limited historical data (stored on MIS) (Contractor, State, MDHHS).
  - f. New processor runs test transactions to validate accuracy of conversion. (Contractor)
  - g. Provide Interim Transition Testing Report to State. (Contractor)

- h. Benchmark: File preparation times File transmission times File conversion Times. (Contractor).
  - i. Retailer EBT Data Exchange. The automated exchange of retailer data between FNS and EBT processors for notification of additions, deletions, and changes affecting retailers participating in the SNAP Program. This is expected to occur no later than three (3) months prior to the end of the current contract.
  - j. The new and old contractors agree to allow the State the right to serve as a mediator during the transition process including any sub-contractors, retailers and third-party processors.
  - k. Ensure EBT/EFT/WIC card issuance and replacement functions work as designed, including entering into an agreement with a sponsoring financial institution on behalf of the State for the Michigan.
6. Retailer Notice of Conversion.  
The plan will address the processes to be used for the migration, how the processes will be tested, and contingency plans for problems and issues that may occur during the migration. The transition plan will also address the verification and validation of the migration process, in particular the validation of the clients' account balances that are converted to the new system. The Contractor will submit the draft Transition Plan no later than three (3) months after contract signing for approval.

**B. Functional Design Document**

This document will, at a minimum, provide a functional overview and a description of the operating environment, procedures and workflow of the EBT system. The Contractor will submit the final Functional Design Document no later than three (3) months after contract signing.

**C. Detailed Design Document**

The Detailed Design Document will describe the total system configuration including system hardware, functionality, file layouts, message and file flows, IVRU Scripts, data elements, system interfaces, settlement and reconciliation functions, and the system security plan. The Contractor will submit the final Detailed Design Document no later than five (5) months after contract signing.

**D. Life Cycle Testing Approach**

The Contractor will provide a System Life Cycle Testing Plan. The basic premise of the life cycle testing approach is that any changes made, whether they be by the Contractor's system or the State's system, must be properly tested prior to being introduced into a production environment. The plan will include, at a minimum, the tests identified in the following Test Plan as appropriate for each of the project's four phases. The plan will address the extent of integration testing that is to occur to ensure that all systems properly interface and operate as designed. The final Life Cycle Test Plan will be submitted no later than six (6) months after contract signing.

**E. Test Plan**

The Contractor will develop system test plans during the Design Phase. Test plans will, at a minimum, outline the test purpose, methodology, environment, and approval rating system. Test plans will be developed for the Functional Demonstration, System Acceptance Test, System and Network Capacity Test, IVRU Test, and the System Interface Test. The final System Test Plans will be submitted no later than six (6) months after contract signing and must include the following:

- 1. The types of testing to be performed
- 2. The organization of the test team and associated responsibilities
- 3. Test database generation
- 4. Test case development

5. Test schedule
6. Acceptance testing
7. Go/No Go criteria
8. Contingency plans to revert to the legacy system if testing delays roll-out or the new system is determined to be unusable through testing.

**NOTE:** The new and old contractors must agree to allow for a “fallback” option should issues be encountered with database conversation or other facets of the transition process that may result in a downtime for the processing EBT/WIC related purchases.

**F. Back-up and Recovery Plans**

The Contractor will provide an evaluation of the types of service interruptions that may impact the EBT system’s operations and therefore require the use of a backup and recovery process. For each potential interruption type, the Contractor will, at a minimum, detail the steps to be taken to survive and recover from the interruption. The plan will include provisions to ensure that benefits continue to be accessible to cardholders. In addition, the Contractor will outline the resources committed to each proposed contingency plan (i.e., people, systems, telephone lines, and operation sites) and indicate whether the contingency plan has been tested under real or simulated conditions. The final Back-up and Recovery Plan will be submitted no later than six (6) months after contract signing.

**G. System Security Plan**

The Contractor will prepare a security plan detailing, at a minimum, the security provisions, functional and strength perimeters, and assurance procedures along with proposed user profiles established within the EBT system. The Contractor will submit the final System Security Plan no later than six (6) months after contract signing.

**H. Training Plan**

The Contractor will prepare and submit a Comprehensive Training Plan that identifies the proposed deadlines and supportive tasks for the planning, design, development, production, and distribution of all training materials, as selected by the State. The training plan must address the timeline for creation of the deliverables as noted in Attachment J – SNAP EBT and WIC EBT Requirements and Deliverables. It must also provide the timeframe for training the State and local office staff and retailers. The plan must outline deliverable dates of training products chosen by the State with sufficient time allowed for State review and approval.

**I. Retailer and TPP Agreements**

The Contractor will provide a copy of the contract templates for the retailer and TPP agreements that will be utilized within the State for review and approval by the State and FNS.

**9.4. Development Phase**

The Development Phase will commence following the completion of the Design Phase and will be completed no later than nine (9) months from the contract signing date. During this phase of the project, the Contractor will configure and test the Michigan EBT system according to the system specifications defined and agreed upon during the Design Phase. All deliverables for the development phase identified within the Project Work Plan are subject to the State’s review and approval. Contractor will allow an appropriate time for the State to review and comment upon the deliverable. Contractor will complete system testing, as well as provide the final training materials during the Development Phase.

**A. Testing Phase**

System testing must be performed on all components and functional areas of the EBT application system before delivery of the system. Upon completion and approval of the design documents, the Contractor will update the System Test Plan as appropriate. The Contractor will provide

system test scripts detailing step-by-step instructions on the actual test and system functions to be demonstrated. Test scripts will also describe the desired system outcomes and test results. The Contractor will develop and control test data.

Required system tests and demonstrations, which will be conducted by the Contractor during the Development Phase, include:

**1. Functional Demonstration**

This test will provide State and Federal representatives the opportunity to review and observe planned EBT system operations. The Contractor will prepare a report of the demonstration results including any system modifications that were identified. The Functional Demonstration must occur as early as possible but no later than six (6) weeks prior to the System Acceptance Test to ensure the design is proceeding according to the expectations of the State and the Contractor.

**2. Interface Testing**

This test will be conducted between the State's EBT Interface System and the Contractor's EBT system to ensure that all files sent between the two systems are properly received, accepted, and processed.

**3. System Acceptance Testing**

The system acceptance test provides both state and federal representatives the opportunity to test the EBT system functionality and ensure compliance with the system design requirements. This test will consist minimally of functional requirements, security, recovery, system controls, and "what if" testing. In addition, as part of the system acceptance testing the Contractor must demonstrate the methods and processes for performing daily reconciliation between the State and Contractor interface and processing activities including financial settlement. During the formal test script portion of the acceptance test, testing representatives will follow detailed test scripts developed by the Contractor. The test scripts must cover all facets of the system's operations and test all of the system processing options and environmental conditions (e.g., POS hardware and communications failure and entry of erroneous data) and testing of the Federal Interfaces (ALERT, AMA, STARS). The ad hoc or "what if" portion of the acceptance test provides the State and Federal representatives the opportunity to include various transaction sets and sequences that have not been included in the test scripts and to challenge the system's operations and design.

**4. Performance (Stress) Testing**

The purpose of this test is to ensure that there is sufficient capacity within the EBT system being provided to the State to handle the expected transaction volume. Test results from the stress test will be used to formulate a system capacity model to determine the appropriate hardware and software requirements and configuration so that the Michigan EBT system can accommodate the anticipated transaction volumes. The Contractor may, as an option, choose to use current production data in order to develop a system capacity model for modeling the anticipated transaction volumes. If a Contractor anticipates utilizing this option, the Contractor will provide a description on how the modeling will be performed, and how the results of the modeling exercise will be reported to the State.

**5. IVRU Test**

The IVRU system will be tested to ensure the system properly accepts, processes, and transfers both retailer and client calls per the system requirements and within the specifications defined throughout this Contract.

**6. Transition Testing**

The Contractor will be required to demonstrate to the State the conversion process of the EBT system from the current Contractor to the new EBT system, if required. Part of the

conversion test is a validation of conversion results, and the ability to perform test transactions against the converted database. Test transactions performed against the converted database will include both client transactions (e.g., SNAP and cash transactions) and administrative transactions (e.g., benefit adds and card replacement transactions).

#### **7. Live Demonstration**

Because the State EBT Interface System is currently running in a production environment for existing Michigan benefit clients, the State does not believe it will be possible to perform a live demonstration of the Contractor's EBT system prior to conversion. Consequently, a Live Demonstration is not required. However, a test demonstration will be required if Contractor passes technical evaluation.

The Contractor will be required to provide reports describing the results of each test that is performed, as well as any additional re-testing that is required to satisfy the test objectives. The test reports will also describe the intended scope and results from the tests, and any system modifications that are identified as necessary to resolve system errors and deficiencies found during the testing. The Contractor will submit interim test reports no later than two (2) weeks following the completion of the respective test being performed. Final System Test Reports will be provided no later than nine (9) months after contract signing.

#### **B. Updates to Detail Design**

The Contractor will revise the Detailed System Design documents to reflect any system modifications identified and made as a result of the system testing. If revisions are required, the Contractor will submit the updated Detailed System Design no later than one (1) month following the completion of the EBT system testing process.

#### **C. Manuals**

##### **1. System Operations/Interface Procedures Manual**

The Contractor will provide a manual on Systems Operations/Interface Procedures that will include an introduction giving the purpose, audience, organization, related documents and feedback. This manual must include:

- a. Batch Files and the times of transmission;
- b. Administrative Terminal configuration;
- c. Problem Resolution and Escalation Procedures; and
- d. Batch Maintenance Record Formats.

The Problem Resolution and Escalation Procedures will define the process by which the State will report System and Operational problems to the Contractor, and the process by which these problems will be resolved and the resolution reported back to the State. The procedures must include a priority scheme for identifying the relevant severity of the problem as well as the expected timeframes for the resolution of the problem based upon the relative severity of the problem.

##### **2. Reports Manual**

A Reports Manual will be provided describing all standard reports to be generated by the Contractor. The Reports Manual will also provide a brief description of the data files provided to the State for internal report generation. The Contractor will submit the final Reports Manual no later than the contract go-live date. Report information (data elements, columns, etc.) must match those provided in Attachment P – SNAP EBT and WIC EBT Report List. The State and Contractor will agree upon the final format and layout of all reports.

##### **3. Settlement/Reconciliation Manual**

The Contractor will provide a Settlement/Reconciliation Manual that provides guidance and procedures to the State on performing a daily reconciliation of the Contractor's EBT System as defined within the most current 7 CFR 274.12(k). The manual must identify the specific EBT reports from the Contractor's system that are required for settlement and reconciliation of the Contractor's EBT system.

#### **4. Administrative Terminal Manual**

The Contractor will provide an Administrative Terminal Manual that provides guidance and procedures for State and County staff on the functionality of the Administrative Terminal

### **9.5. Transition Phase**

The Transition Phase consists of the activities required to convert the EBT and WIC processing for the State from one Contractor to a new Contractor, if required. It is anticipated that some of the Transition Phase activities, specifically the EBT and WIC retailer conversion, will begin prior to the end of the Development Phase.

If necessary, the EBT TANF and WIC data conversion can occur separately. However, it is expected that none of the database conversion activities will occur until the development activities have been completed, and specifically the Transition Testing has been completed and a sign-off has been received from the State.

Contractor must provide either in Microsoft Word or Excel a detailed Transition-In plan, that establishes a seamless transition between the current EBT Contractor's team and the successful Contractor's team, that includes:

The activities within the Transition Phase consist of the following:

1. Transition methodology
2. Hiring staff
3. Working with the current EBT Contractor to develop a transition and interim support plan
4. Purchasing and installing equipment
5. Creating/installing software programs and/or policies and procedures
6. Establishing necessary supporting contracts
7. Staff training
8. The key transition personnel and their respective roles
9. All those with access to the EBT services including cardholders, merchants, third (3rd) party providers, etc.
10. Milestones and key deliverable dates
11. The reporting mechanism for providing weekly reports during the transition
12. Experiences and/or relevant information from prior transitions and/or implementations
13. Risk assessment and mitigation recommendations/solutions
14. Bank Account Structure
15. EBT/WIC Retailer Conversion
16. Cardholder Database Conversion, which includes
17. Transaction History
18. Client card and demographic data

19. Benefit Data
20. Migration of retailer and provider database.
21. Retailer notification of conversion.

The activities taking place during the Transition Phase will follow the process defined within the State approved Transition Plan submitted during the Design Phase.

The plan must be acceptable to MDHHS. Unacceptable portions must be revised per MDHHS specifications.

Contractor must complete the Transition-In Period of the new EBT System within 10.5 months of the contract start date, unless both the Contractor and MDHHS agrees in writing that an alternate date is acceptable to both parties.

**A. Transition-In Plan: Beginning of Contract**

The Contractor will develop a Transition-In Plan starting from contract execution through contract go-live. The Transition-In Plan must identify the Contractor's responsibilities for the transition of the EBT functions from the previous Contractor's system to its recommended new system. At a minimum, the Contractor's responsibilities during the Transition-In must include:

1. Meet with the new Contractor on a regular basis for the purposes of planning and coordinating an orderly transition.
2. Transition of all account transaction history for EBT and WIC
3. The plan must address:
  - a. Processes to be used for the migration,
  - b. How the migration processes will be tested and how the State will be provided/approve test results,
  - c. Timeframes for completion,
  - d. Migration contingency plans for problems and issues that may arise,
  - e. Processes planned for the Verification and validation process plans for migration, in particular the validation of the clients' account balances that are converted to the new system,
  - f. Processes to identify and settle transactions incurred prior to conversion, e.g., manual vouchers,
  - g. Support/coordination required from current Contractor and its subcontractors,
  - h. Support/coordination required from State,
  - i. Risk assessment and risk mitigation strategies,
  - j. Expungement process for the conversion weekend,
  - k. Transfer of encryption key,
  - l. Transfer of algorithm used for Card Authentication Value (CAV)/Card Verification Value (CVV),
  - m. Migration of all benefit history,
  - n. Necessary training, identifying who and how long,
  - o. User acceptance testing,
  - p. How and when STARS processor id/numbers will be obtained from FNS for non-Federal liabilities,

- q. How and when the AMA profile including the letter of credit number from FNS will be obtained, and
  - r. Conversion of complete card history.
4. Transition-In Requirements
- a. Contractor must collaborate with MDHHS to ensure a smooth transition of operations.
  - b. Contractor must work during the Transition-In period as if time is of the essence, because this period of time provides an opportunity for the new Contractor staff to gain a full understanding of the technical environment in order to provide all the services outlined in this Contract and thereby support all system users.
  - c. Contractor must complete a review of all systems documentation prior to the completion of the Transition-In Period.
  - d. Contractor must attend regular transition sessions with the current EBT Contractor and advise MDHHS of any areas of concern based on previous presentations, and reviews of documentation. The current Contractor, MDHHS, and the replacement or incoming Contractor must conduct technical interchange meetings as requested by either MDHHS or Contractor. The purpose of these meetings is to quickly resolve key technical issues that arise by assembling the appropriate MDHHS and Contractor staff to understand and resolve the issue.

**B. Transition Out: End-Of-Contract**

The Contractor will develop a Transition-Out Plan for the end-of contract. The Transition-Out Plan must identify the Contractor's responsibilities for the transition of the EBT functions to the new Contractor's system. At a minimum, the Contractor's responsibilities during the Transition-Out must include:

1. Meeting with the new Contractor on a regular basis for the purposes of planning and coordinating an orderly transition.
2. Developing an agreement with the selected Contractor laying out timeframes, work products, mutual expectations during transition
3. Maintaining staffing levels consistent with levels during the operational phase of the contract through the end of the contract
4. Providing test data for conversion testing
5. Providing up-to-date agreements, design documents and procedural manuals. Provide a strategy for ensuring that all records and documents resulting from the services provided under the contract have been updated to reflect all changes, enhancements, and modifications. All documentation and records must be written in English, provided in hardcopy, and at least one (1) electronic copy on CD in both PDF format Microsoft Word at time of turnover.
6. Coordinating with the new Contractor to minimize suspense accounting during the final settlement
7. Documenting the reconciliation of account balances and final settlement so that there is a clear and transparent audit trail
8. Coordinating the swap of all Call Center numbers to the new Contractor
9. Transfer of encryption keys to continue using the State's existing EBT card
10. A minimum of two (2) dry runs will be conducted when transitioning to a new Contractor system.

11. Management (replacement/conversion) of all State owned EBT equipment including the maintenance and repair history of all equipment.
12. Provide for conversion of three (3) years of the most recent online transaction history onto the new system
13. Purging of Michigan client/cardholder data remaining on the outgoing C's database
14. Ensure data privacy
15. At the end of the contract, the State will hold back the final payment until the Contractor successfully completes all the transition requirements under its control as set forth in the Transition Plan.
16. The State claims no right of ownership over any equipment provided to retailers (e.g. POS terminals) nor will it be responsible for its maintenance or replacement beyond the terms and associated costs of this Contract.
17. The Contractor must ensure all POS and EBT card and applicable system infrastructure must be provided by the contractor to support all necessary EBT and WIC transaction capabilities. This is applicable whether or not there is a change of Contractor.

**Acceptable performance is one hundred percent (100%) compliance with the performance indicator.**

#### **9.6. Operations Phase**

The Operations Phase begins after the Cardholder Database has been converted from the previous Contractor to the new Contractor, if required. During the Operations Phase the Contractor will maintain ongoing communication to the State on EBT operations and immediate notification to the State of any issues or system problems. The Contractor's assigned PM will be the point person for ongoing communications to the State for all EBT system and operational issues.

The ongoing communications required from the Contractor includes a monthly status report containing open and closed issues, monthly status meeting with Contractor, and other state reports/meetings at the State's request. Of particular importance is the advance notification of scheduled system downtime to the State by the Contractor.

During the Operations Phase, the Contractor will maintain and update as needed, the key design documents and operational manuals delivered during the Design and Development Phase. These documents and manuals include:

- A. Detailed Design Document
- B. Back-up and Recovery Plans
- C. System Security Plan
- D. System Operations/Interface Procedures Manual
- E. Reports Manual
- F. Settlement/Reconciliation Manual
- G. Administrative Terminal Manual

The Contractor will provide updated documents and manuals to the State prior to implementing system and operational modifications into production.

#### **9.7. Reports**

Layouts for MDHHS required reports other than project/contract implementation reports are available for potential Contractors to review. See Attachment P – SNAP EBT and WIC EBT Report List for the list of required EBT reporting requirements. This is not an exhaustive list. Additional reports may be identified.

A complete Library of WIC EBT reports will also be available at that location. Contractors must provide a detailed list and explanation of the reports they propose to provide to the State to address this area. MDHHS requires the continuation of all existing reports.

### **9.8. Issue Management**

The Contractor must have a history of managing issues associated with successful transition and operation of States EBT programs. The Contractor must identify issues captured, reported, escalated, and resolved. The issue escalation process must include escalation based on age, severity, budget impact, etc. and where the escalation levels would be.

Any issues regarding the operations as identified by the contractor will be directed to the MDHHS PM, the first level of resolution. The Contractor's PM must be responsible for identifying and reporting issues to the State. The State will make every attempt to address unresolved issues with the Contractor PM. In the event this process is unsuccessful, the issue will be escalated via the contractor's management hierarchy.

### **9.9. Risk Management**

The Contractor's approach to risk management for the State's EBT program must define the frequency in which risk assessment reviews will occur and the individuals and groups that would be involved. Risk management generally involves (1) identification of the risk, (2) assigning a level of priority based on the probability of occurrence and impact on the project, (3) definition of mitigation strategies, and (4) monitoring of risk and mitigation strategy.

## **10. ESCALATION AND VENDOR PERFORMANCE**

The Contractor must provide documented instructions for the business process relating to conflict/problem resolution when requested.

### **A. First Instance –**

1. If the PM or designee determines the Contractor is non-compliant with the terms, conditions and / or specifications of the contract, or a Deductible Incident or Condition has occurred, the PM or designee will
  - a. Verbally notify the Contractor of the situation or issue
  - b. Provide a description of the non-compliance or Deductible Incident or Condition.
  - c. Specify a date by which the issue must be resolved.
  - d. The Contractor must provide the PM or designee with a verbal root cause analysis and corrective action plan.
  - e. The Program Manager or designee will preserve a written record of the issue, proposed resolution, and time frame for inclusion in the annual Contract Compliance Report (CCR) and provide a copy to the Contractor.

### **B. Second Instance –**

- a. If resolution is not achieved, or the issue arises again, the PM or designee will schedule an in-person meeting with the Contractor and provide, in writing:
  1. A description of the specific problem
  2. A description of the actions the Contractor is expected to take to resolve the problem
  3. A date by which the Contractor is expected to resolve the problem
  4. Notify Contractor of the intent to exercise the Contractual Deduction
  5. Request, in writing, the Contractor's root cause and corrective action plan.

- b. Program Manager or designee must preserve a written record of the meeting, expectations and resolution for inclusion in the annual Contract Compliance Report (CCR) and provide a copy for the Contractor.
  - c. Exercise the Contractual Deduction as a deduction from the next invoice.
  - d. Enter a Vendor Performance Report
- C. If resolution is not achieved or the issue arises again, a written notice of breach may be sent to the Contractor. The contract may be terminated.
- D. In the event a contract is cancelled, the State may award the contract to the next lowest qualified Contractor.

## 11. REPORTS

The Contractor will accommodate the informational and reporting needs of the State. General categories of State reports have been identified and are described below. In addition, the USDA, FNS required reports to be provided by the Contractor free of charge. These may be identified throughout the length of the Contract period. The Contractor will work with the State to define the content and schedule of all reports. A list of look/feel reports the State requires is found in Attachment P – SNAP EBT and WIC EBT Report List.

### A. Financial Audit Reports

Financial audit reports include those reports the Contractor will provide to the State in order to account, reconcile, and audit the EBT system processing and operations.

### B. Retailer/ATM/TPP Listings.

The Contractor will provide quarterly updated listings of all retailers as defined below:

1. ATMs, including those that are charge free and those that charge.
2. Retailer listing
3. Restaurant listing
4. Farmers Market listing
5. TPP listing

### C. Account Activity Reports

The Contractor will provide daily account activity reports reflecting all account actions received from the State via batch and/or online administrative terminal processing. The following account activity reports have been defined. These reports may be migrated or further segregated at the discretion of the Contractor.

1. Account Set-up Reports  
The Contractor will provide to the State a daily electronic report of EBT accounts established which includes, at a minimum, the following data elements:
  - a. EBT program type
  - b. EBT Account Number
  - c. Individual ID number
  - d. Date and time account set-up information received
  - e. Date and time account established
  - f. Transmission type (batch or online)

Additionally, the Contractor will notify the State of account set-up exceptions, including but not limited to rejected set-up requests and reason for rejection (i.e., duplicate case number, demographic information, etc.).

**2. Benefit Authorization Reports**

The Contractor will provide to the State a daily electronic report of EBT Benefit Authorizations processed which includes, at a minimum, the following data elements:

- a. EBT program type
- b. EBT Account Number
- c. Individual ID number
- d. Date and time benefit authorization data was received
- e. Date and time benefit authorization data was processed (posted)
- f. Transaction type
- g. Transmission type

Electronic records will be consistent with Attachment B – DHHS Interface Record Layouts.

Also, the Contractor will notify the State of benefit authorization exceptions, including but not limited to rejected benefit authorization attempts and reason for rejection (i.e., duplicate authorization).

**D. Account Maintenance Reports**

The account maintenance report will provide a comprehensive listing of all account maintenance actions processed by the EBT system over the preceding business day. This report will include both online and batch account maintenance actions.

**E. Administrative Action Reports**

This report will provide a listing of all administrative actions received and processed by the EBT system. Administrative actions will include changes to client, case, or account data (e.g., client name or address), expungements, re-obligations, and hold benefits. The Contractor must send an expunged benefit detail (daily aging file) coinciding with the daily cut off.

**F. Account Reconciliation Reports**

The Contractor will provide an account reconciliation report including a match between all online and batch account activity adjustments processed for the preceding business day. This report may be used by the State to identify data discrepancies between the EBT system and State eligibility systems.

**G. Account Audit Reports**

Provide a detailed audit trail of all system functions and transactions that impact the account balance or status of an account.

**H. Batch Processing Reports**

The Contractor will propose a standard set of batch processing reports to be used by the Contractor and State to ensure the complete and accurate transfer of data during nightly batch processing. The reports will support the following criteria:

**1. Batch Confirmation Message**

The Contractor will provide a confirmation message for all over-night batch files received from the State immediately after processing the State EBT Benefit Authorization file. The confirmation message will contain summary verification data including the total number of

records received in the batch and the number of records by record type (e.g., numbers of add, change and delete records).

2. **Batch Exception Reports**

The Contractor will provide a batch exception report for all batch files sent by the State. Batch exception reports will contain a listing of all records received within a batch which were not processed by the Contractor. Each record included in an exception report will have a corresponding reason code indicating the cause of the rejection. In particular, duplicate case receptions will be identified.

Exception thresholds will be defined by the State. Account activity files exceeding exception thresholds will be rejected in total by the Contractor.

**I. Settlement Reports**

Daily settlement reports and data must be transmitted to the State via batch processing. At a minimum, these reports must be available by 3:45 P.M. EST and include the following:

1. **Daily Activity Reports**

Provide detail and summary information on clients and terminal (merchant, ATM, third party, network, etc.) transaction activity.

2. **Automated Clearing House (ACH)**

Activity Reports - Provide detail and summary information on money movement initiated to settle client transaction activity (e.g., withdrawals and purchases).

3. **Clearing Reports**

Provide detail and summary information on financial activity and money movement necessary to settle client transaction activity (e.g., withdrawals and purchases).

4. **STARS Report**

Food Assistance Program Redemption Report (FNS002). See Attachment G – STARS File Format.

5. **Unsettled funds must be handled the next business day. The Contractor must report any unsettled funds to the State. FNS has determined that unsettled funds must be returned to the U.S. Treasury and their policy must be followed.**

**J. Project Management Reports**

1. **Conversion Reports**

a. **Project Design Reports**

This weekly report is a summary by task of major completed activities during reporting period. The report will include problem identification (reports not in compliance with section 1.6 Functional Requirements) and must include corrective action and timeframe for resolution. The report will also include tasks required by Federal and State agencies, as well as reports of delayed tasks, reason and revised completion date(s), and the scheduled activities for the next reporting period. Separate reports will be made available for Food Assistance and WIC electronic benefits as deemed necessary by the State.

b. **Project Implementation/Conversion Reports**

This weekly report is a summary of major tasks and scheduled activities completed during the reporting period for the conversion activities. Separate WIC and TANF funded reports will be provided to assure data integrity and accuracy. The report will also include the status of:

1. **POS device deployment and installation**

2. Training (State, county, clients and retailers)
3. Card issuance
4. Retailer agreements

The report will include problem identification, required corrective action and timeframe for resolution. The report will also include tasks required by Federal and State agencies, as well as reports of delayed tasks, reason and revised completion date(s), and the scheduled activities for the next reporting period.

c. **Project Status Report**

This monthly report is a summary of significant events/accomplishments during the month, status of outstanding issues and problems, and the status of pending enhancement requests and system change orders. Following the conversion to the Contractor's EBT system, the Contractor will include in the Project Status Report the detail data that documents the performance of the EBT system over the last month.

**K. Security and Fraud Reports**

The Contractor will support the data requirements of both Federal and State agencies responsible for ensuring the integrity and proper use of benefits to be distributed by the EBT system. The data requirements for security and fraud investigation have been divided into two categories:

1. **Client Fraud and Compliance:**

The Contractor will work with the State to define a periodic extract file to be provided to the State for the investigation of recipient fraud. Data requirements for this extract file include, but are not limited to the following:

a. **Transaction Data**

1. EBT Account Number
2. Transaction amount
3. Retailer FNS authorization number
4. Date, time
5. Benefit type (Food Assistance, cash or WIC)
6. Transaction type (i.e., online, purchase, reversal, withdrawal, manual, etc.)

b. **Client Statistics –**

1. Number of PIN attempts
2. Number of card replacements
3. Number of manual transactions
4. Total number of transactions
5. Number of Out of State Transactions
6. Number of Refund Transactions

2. **Internal Agency Security:**

The EBT system must provide for a variety of user security profiles to enable the State to manage user access to the EBT system. Reports on users, including name, status, and security profile, must be available online via administrative terminals.

In addition, the EBT system must provide information on user activity to assist the State in the detection and investigation of internal fraud. This data must be available daily and include, at a minimum:

- a. User identification information (e.g., name, security identification number or code, supervisor, and office location)
- b. The number of failed terminal log-on attempts for a given user identification number or code
- c. The number and type of terminal functions (e.g., authorization increases, cards issued/replaced and expedited or emergency benefit issuance) processed during a terminal session (e.g., business day).

#### **L. System Performance Reports**

System performance reports will be used by Federal and State agencies to monitor the operations and performance of the EBT system, Customer Service operations, and the IVRU. These reports will provide statistical information on the system utilization and response time. Data to be provided include, but is not limited to the following:

1. **Response Time Analysis**  
Response time analysis information including: a statistical summary of response time by merchant-terminal, ATM, third-party, and network acquirers.
2. **Utilization Reports**  
Utilization reports providing statistical information (i.e., capacity utilization) on the number and amount of transactions processed by card, case, merchant-terminal, ATM, third-party, and/or network.
3. **System Availability**  
To ensure compliance with the system availability requirements specified in this document and the FNS EBT Regulations, the Contractor will provide a monthly report of the system availability, including a detailed documentation and explanation of both scheduled and unscheduled downtime and processing interruptions.
4. **Transaction Activity Reports**  
Daily and monthly statistical reports on transaction activity including the number and type of transactions requested and processed per hour, day, and month.

#### **M. WIC EBT Reporting**

The Contractor will be responsible for providing the informational and reporting needs, as well as the same categories of reports and data support, as described for the online EBT system, with the following distinctions:

##### **1. WIC Daily Files**

The Contractor will send the following daily files to the State MI-WIC system:

- a. Account Activity File
- b. Benefit Grant Redemption File
- c. Contractor Activity File
- d. Adjustment Activity File
- e. Card Status Change File

The schedule for receipt of the files will be mutually determined by State and Contractor staff.

##### **2. WIC Management Reports**

Daily and monthly reports will be required for purposes of WIC management. Redemption activity, exception processing of WIC transactions, mailed card replacement, etc., are all examples of WIC management reports to be generated by the WIC EBT system in conjunction with certification data reported separately by the MI-WIC client eligibility system. EBT data must be structured and transmitted so as to interface effectively with the MI-WIC System. The Contractor is encouraged to provide a sample of all available reports in their existing WIC EBT platform.

The minimum WIC Management Reports to be provided include:

- a. Financial Reports
  1. WIC ACH Report (daily)
  2. Daily State Issuer Report (daily)
  3. Daily Activity by Unit Report (daily and monthly)
  4. Daily Pending Benefit Activity by Unit Report (daily)
  5. Future Dated Benefit Exception Report (daily)
  6. WIC Rebate Analysis Report (monthly)
  7. Family Utilization Report (monthly)
  8. Redemption Summary Report (monthly)
- b. Support Reports
  1. Adjustment Activity Detail Report (daily)
  2. Administrative Activity Report (daily)
  3. Batch Processing Summary Report (for each file sent by MI-WIC) (daily)
  4. Card Issuance/Replacement Report (monthly)
- c. Fraud Reports
  1. Exceeded PIN Attempts Report (monthly)
  2. Manual Card Entry Report (monthly)
  3. Even Dollar Transaction Report (monthly)
- d. Statistical Reports
  1. Host Average Daily Response Time Report (monthly)
  2. Host Average Hourly Response Time Report (monthly)
  3. Excessive Card Replacements Report (monthly)
  4. Transaction Profile Report (monthly)
  5. Customer Service Performance Report (monthly)
  6. Caseload Billing Verification Report (monthly)
- e. Administrative Terminal Security Reports
  1. Access Definition Report (monthly)
  2. Administrative Terminal Failed Logon Report (monthly)
  3. Administrative Terminal Last Access Report (monthly)
- f. Computer Access
  1. The contractor must grant computer system and access to all records to FNS staff, when requested.

#### **N. FNS Reporting Requirements**

As specified in the most current **7 CFR 274.12**, the Contractor will meet the reporting requirements of the FNS. Data will be transmitted to an FNS designated agency once per week. FNS reporting requirements include:

1. **BRSB Retailer Redemption Data**  
The Contractor will provide detailed daily Food Assistance redemption data to the FNS Benefit Redemption Systems Branch. The data format and requirements of this file will be specified by FNS. At a minimum, data elements required in this file include:
  - a. FNS retail merchant authorization number
  - b. Date of Food Assistance redemption
  - c. Total daily amount of Food Assistance redemptions by retailer.
2. **FNS Compliance Investigations and Reporting**  
The Contractor must advise, assist, and appropriately act to assist Federal agencies and the State in detection and investigations of abuses by stores, clients, or workers. This may entail cooperation with various authorities of both Federal and State agencies that are responsible for compliance with Food Assistance Program laws and regulations. Stores authorized by the FNS to accept Food Assistance Program benefits may become subject to monitoring and investigations by the Retailer Investigation Branch, USDA Office of Inspector General, the IRS, Secret Service, or local police departments. Clients are subject to investigation by State program authorities including Michigan State Police, MDHHS Office of Inspector General and, occasionally others. The State and the Contractor will cooperate in these investigations by creating client cases, providing benefit access cards, and providing information. Access to information concerning these matters will be restricted both at the State and the Contractor so that the investigations are not compromised. The Contractor will provide the following assistance:
  - a. Creation of accounts and issuance of cards and PINs to be used by the investigators.
  - b. Acceptance of benefit authorizations to fund investigative accounts possibly on an irregular basis as needed by the investigators.
  - c. Providing reports on the investigative accounts showing the amounts funded to the cases and the transaction histories.
  - d. Providing information from the system as needed for evidentiary purposes.
  - e. Providing extract files of store transaction history on a regular basis to the FNS. The format for these files will be specified by FNS.
  - f. Retention of all records for a period of three (3) years or longer if notified.

FNS will be granted online access to the EBT online system in accordance with the most current **7 CFR 274.1(J)**.

Specific data elements and their formats are currently being developed by FNS.

#### **O. Changes in Retailer Database**

The Contractor will transmit to BRSB information it receives from retailers that result in changes in the retailer database. This information could include, but is not limited to, changes in ownership or bank account. For WIC retailers, changes in retailer ownership must be approved by the WIC Program prior to changing the database. The Contractor must be able to accommodate a standard file format from BRSB, the REDE II Format (Attachment D). This will facilitate data exchange between FNS and the Contractor regarding retailer authorization and de

authorization. The file will contain information regarding basic store identification and authorization status, withdrawals, disqualification, and reinstatements.

The Contractor is also required to periodically provide Ad-Hoc reports with no additional cost to the state, in order for the State to respond to unusual circumstances not covered by standard reports.

## **12. IT SPECIFIC STANDARDS**

### **12.1. IT Policies, Standards and Procedures (PSP)**

Contractors are advised that the State has methods, policies, standards and procedures that have been developed over the years. Contractors are expected to provide proposals that conform to State IT policies and standards. All services and products provided as a result of this Contract must comply with all applicable State IT policies and standards. Contractor is required to review all applicable links provided below and state compliance in their response.

Public IT Policies, Standards and Procedures (PSP): [http://www.michigan.gov/dtmb/0,4568,7-150-56355\\_56579\\_56755---,00.html](http://www.michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html)

**Note:** Not all applicable PSP's are available publicly. Controlled PSP's applicable to the Contract are available after signing and returning to the State the required Nondisclosure Agreement (NDA) agreement. Failure to return a signed NDA may be grounds for disqualification.

### **Specific Standards and/or Certifications**

#### **12.2. Enterprise IT Policies, Standards and Procedures**

All Hosted Services provided by the Contractor must comply with all applicable State IT policies and standards listed at:

[https://www.michigan.gov/dtmb/0,5552,7-358-82547\\_9347---,00.html](https://www.michigan.gov/dtmb/0,5552,7-358-82547_9347---,00.html) (IT policies are in Section 1300)

#### **12.3. Secure Web Application Standard**

Contractor's solution must meet the State's Secure Application Development Standards as mandated by the State.

#### **12.4. Secure Application Development Life Cycle (SADLC)**

Contractor is required to meet the States Secure Application Development Life Cycle requirements that include:

##### **A. Security Accreditation**

Contractor is required to complete the State Security Accreditation process for the solution.

##### **B. Application Scanning**

###### **1. Externally hosted solutions**

Contractor is required to grant the right to the State to scan either the application code or a deployed version of the solution; or in lieu of the State performing a scan, Contractor will provide the State a vulnerabilities assessment after Contractor has used a State approved application scanning tool. These scans must be completed and provided to the State on a regular basis or at least for each major release.

Types of scanning and remediation may include the following types of scans and activities

- a. Dynamic Scanning for vulnerabilities, analysis, remediation and validation
- b. Static Scanning for vulnerabilities, analysis, remediation and validation
- c. Third Party and/or Open Source Scanning for vulnerabilities, analysis, remediation and validation

### **C. Infrastructure Scanning**

#### **1. Externally hosted solutions**

A Contractor providing Hosted Services must scan the infrastructure at least once every 30 days and provide the scan's assessment to the State in a format that can be uploaded by the State and used to track the remediation.

#### **12.5. Acceptable Use Policy**

To the extent that Contractor has access to the State's computer system, Contractor must comply with the State's Acceptable Use Policy, see [https://www.michigan.gov/documents/dtmb/1340.00.01\\_Acceptable\\_Use\\_of\\_Information\\_Technology\\_Standard\\_458958\\_7.pdf](https://www.michigan.gov/documents/dtmb/1340.00.01_Acceptable_Use_of_Information_Technology_Standard_458958_7.pdf). All Contractor Personnel will be required, in writing, to agree to the State's Acceptable Use Policy before accessing the State's system. The State reserves the right to terminate Contractor's access to the State's system if a violation occurs.

#### **12.6. Look and Feel Standard**

All software items provided by the Contractor must adhere to the following Look and Feel Standards: [http://www.michigan.gov/documents/som/Look\\_and\\_Feel\\_Standards](http://www.michigan.gov/documents/som/Look_and_Feel_Standards).

#### **12.7. Mobile Responsiveness**

The Contractor's Solution must utilize responsive design practices to ensure the application is accessible via a mobile device. Contractors must provide a list of all mobile devices that are compatible with the Solution. Additionally, Contractor must provide list of features that can be performed via a mobile device.

#### **12.8. ADA Compliance**

The State is required to comply with the Americans with Disabilities Act of 1990 (ADA), and has adopted a formal policy regarding accessibility requirements for websites and software applications. The State is requiring that Contractor's proposed Solution, where relevant, to level AA of the World Wide Web Consortium (W3C) Web Content Accessibility Guidelines (WCAG) 2.0. Contractor may consider, where relevant, the W3C's Guidance on Applying WCAG 2.0 to Non-Web Information and Communications Technologies (WCAG2ICT) for non-web software and content. The State may require that Contractor complete a Voluntary Product Accessibility Template for WCAG 2.0 (WCAG 2.0 VPAT) or other comparable document for the proposed Solution.

[http://www.michigan.gov/documents/dmb/1650.00\\_209567\\_7.pdf?20151026134621](http://www.michigan.gov/documents/dmb/1650.00_209567_7.pdf?20151026134621)

#### **12.9. Federation/Single Sign-on (SSO)**

Hosted Services must be capable of supporting the State standard federated single sign on with multi-factor authentication using SAML or comparable mechanisms.

##### **A. Ensure that complex passwords are utilized, consisting of the following:**

1. Contain both upper- and lower-case characters
2. Have digits and punctuation characters as well as letters
3. Are at least eight alphanumeric characters in length

##### **B. Utilize password expiration (Change user-level passwords at least every sixty days)**

#### **12.10. End-User Operating Environment**

Below is the initial end user operating environment that must be supported by the Contractor. Contractor must keep pace with changes in standard operating environments (e.g. operating system upgrades, web browser upgrades, mobile OS upgrades).

The Hosted Services must not use any specialized or proprietary hardware, devices and/or computers. The Services will not use any plugins and will not require Java, Flash, or Silverlight.

#### **12.11. Web Browsers**

Hosted Services must run under commonly used web browsers. At a minimum, the software must support Internet Explorer v9+, Chrome v36+, Firefox v31+, Safari v5.1+, and Edge 20.1+ under the Windows and iOS operating Solutions.

#### **12.12. Mobile**

Hosted Services must utilize responsive design practices to ensure the application is accessible via a mobile device. Solution must support iOS, Android and Windows Mobile platforms for mobile devices (e.g. cellular phones and tablets). All features must be able to perform via mobile devices.

#### **12.13. Security**

Due to the Hosted Solution storing sensitive data, the Contractor and its Hosted Services must comply with the following:

- A. Remain compliant with the NIST Special Publication 800-53 (most recent version) MOD controls. On a quarterly basis, the Contractor will review the NIST Special Publication 800-53 (most recent version) MOD for any updates or changes and implement those that apply to the Solution.
- B. Employ encryption-at-rest and encryption-in-transit using AES 256-bit or higher encryption, including database backups. The transport layer between the client's web browser and the web server must be encrypted using TLS 1.2 connection with AES 256-bit certificate. The application model view control architecture must protect against SQL injection attacks and have internal firewall to validate database connections from the web server to the database. The Hosted Services must also have additional built-in security to validate that a jurisdiction only has access to that jurisdictions' data.
- C. If applicable, provide multi-factor authentication. This level; however, does not require a hard token at contract execution. Some other method such as SMMS text with passcode, phone call with temporary passcode or other State approved multi-factor authentication method must be used.
- D. Remain compliant with the Health Insurance Portability and Accountability Act (HIPAA), if applicable, and upon notification from the State, be subject to an audit of HIPAA controls. On a quarterly basis, the Contractor will review the HIPAA policies for any updates or changes and implement those that apply.
- E. Remain compliant with:
  1. Privacy Act of 1974, Public Law 93-579
  2. Federal Information Security Management Act (FISMA) of 2002, 44 USC 3541 et seq.
  3. Michigan Identity Theft Protection Act, MCL 445.61 through MCL 445.79d

#### **12.14. Capacity**

The Solution must automatically provide, at no additional cost, additional resources as the level of concurrent users increases without affecting performance.

#### **12.15. Access Control and Audit**

- A. All user activities must be tracked within the Hosted Services and accessible to administrative users via reports.
  1. upon the State's request, make all such records, appropriate personnel and relevant materials available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least five (5) Business Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include

penetration and security tests, of any and all Contractor Systems and their housing facilities and operating environments; and

2. Contractor must allow audits and verification of all processes, work methods, transactions, and information systems. In addition, Contractor must annually provide, at contractor's expense, a Service Organization Control (SOC) 2 Type II report by a qualified independent auditor in accordance with standards (currently SSAE18) issued by American Institute of CPA's (AICPA). The SOC 2 provides reporting on internal controls at a service organization relevant to security, availability, processing integrity, confidentiality, and privacy. The State additionally will require a SOC 1 Type II report performed by an independent auditor using the same applicable standards.

#### **12.16. Hosted Services**

Hosted Services must contain full web-based user and data management capabilities for local site administration as well as remote site administration through DHHS.

##### **A. System Security Plan**

Assist the State, at no additional cost, with development, completion and on-going maintenance of a system security plan (SSP) using the State's automated governance, risk and compliance (GRC) platform, which requires evidence to be submitted upon request for validation of controls. On an annual basis or as required, re-assessment of the systems controls will be required to receive and maintain authority to operate (ATO).

##### **B. Plans of Action and Milestones (POAM)**

All identified risks from the SSP will be remediated thru a POAM process with remediation time frames based on risk level of findings. For all findings associated with the Contractor's solution, at no additional cost, Contractor will be required to create or assist with the creation of State approved POAMs and perform related remediation activities. The State will make any decisions on Acceptable Risk, the Contractor may request risk acceptance, supported by compensating controls, however only the State may formally accept risk.

##### **C. Data Migration**

Data migration services may be necessary.

##### **D. Data Retention**

If the Hosted Services will be deployed in the Contractor's cloud, or that of any Approved Subcontractor, it will have no database storage limitations, duration or maximum retention period. All Testing Services Data will be readily available for reporting and auditing purposes with no impact on pricing.

##### **E. System Integration**

Contractor must publish APIs through Contractor's web service to allow communication between the Hosted Services and any current or future third-party applications that may need to share data.

#### **12.17. SUITE Documentation**

In managing its obligation to meet the above milestones and deliverables, the Contractor is required to utilize the applicable State Unified Information Technology Environment (SUITE) methodologies, or an equivalent methodology proposed by the Contractor. The Contractor is required to review <http://www.michigan.gov/suite> and demonstrate how each PMM/SEM requirement will be met. Contractors wishing to use their own documents must submit an example of the document that will be substituted. If the Contractor deems a document to be non-applicable, please provide reasons for the determination. The State reserves the right to give final approval of substituted documents and items marked as non-applicable.

SUITE's primary goal is the delivery of on-time, on-budget, quality systems that meet customer expectations. SUITE is based on industry best practices, including those identified in the Project Management Institute's PMBoK and the Capability Maturity Model Integration for Development. It was designed and implemented to standardize methodologies, processes, procedures, training, and tools for

project management and systems development lifecycle management. It offers guidance for efficient, effective improvement across multiple process disciplines in the organization, improvements to best practices incorporated from earlier models, and a common, integrated vision of improvement for all project and system related elements.

While applying the SUITE framework through its methodologies is required, SUITE was not designed to add layers of complexity to project execution. There must be no additional costs from the Contractor, since it is expected that they are already following industry best practices which are at least similar to those that form SUITE's foundation.

SUITE's companion templates are used to document project progress or deliverables. In some cases, Contractors may have in place their own set of templates for similar use. Because SUITE can be tailored to fit specific projects, project teams and State PMs may decide to use the Contractor's provided templates, as long as they demonstrate fulfillment of the SUITE methodologies.

### **12.18. Agency Specific Standards**

Because the system contains Federal Tax Information, Contractor must comply with all application security requirements outlined in IRS Publication 1075 including, but not limited to, the Exhibit 7 Safeguarding Contract Language embedded below:



CONTRACT  
LANGUAGE FOR TECH



Exhibit 7 General  
Services Requirement

See the following links for further information:

- <https://www.irs.gov/privacy-disclosure/additional-requirements-for-publication-1075>
- <https://www.irs.gov/pub/irs-pdf/p1075.pdf>

## **13. PRICING**

### **13.1. Price Term**

All standard functions of operating the EBT system including, but not limited to, file transfer, storage and maintenance, warranties, and interoperability costs will be paid by way of the Cost-Per-Case-Month (CPCM) charges. Negotiated CPCM rates must remain the same for the term of the agreed upon contract length.

In accordance with the most current Section 750 of the Consolidated Appropriations Act of 2018, notwithstanding any other provision of law, any fee issued by the State's EBT contractor and subcontractors, including Affiliates of the contractor or subcontractor, related to the switching or routing of benefits for Department of Agriculture domestic food assistance programs must be prohibited. Provided, that for purposes of this provision, the term " switching" means the routing of an intrastate or interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an EBT card in one State to the issuer of the card that may be in the same or different State. Further, this provision applies to all domestic food assistance programs including the SNAP, WIC, and Summer EBT.

Prices quoted are firm for the entire length of the Contract unless negotiation is agreed upon by both parties prior to the end of the contract. The contract length of this agreement will be a 7.75-year period (including up to 270 days to account for transition time) with an opportunity for a single (1) three (3) year amendment. Dates will be updated to coincide with final contract timeframe.

### **13.2. Price Changes**

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry

data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

### **13.3. Additional Price Conditions**

For authorized Cost Model/Quotation, see Schedule B – Pricing and include information on price proposal. Cost is an important factor in an award decision, however, it will not be the sole determiner.

Contractor's out-of-pocket expenses are not separately reimbursable by the State unless, on a case-by-case basis for unusual expenses, the State has agreed in advance and in writing to reimburse Contractor for the expense at the State's current travel reimbursement rates. See [www.michigan.gov/dtmb](http://www.michigan.gov/dtmb) for current rates.

The EBT contract is subject to the availability and amount of Federal funds.

## **14. ORDERING**

The appropriate authorizing document for the Contract will be email or phone call with follow up email for all cards, equipment, and training brochures. If SIGMA is utilized, a Delivery Order (DO) will constitute the authorizing document.

## **15. INVOICE AND PAYMENT**

### **15.1. Invoice Requirements**

All invoices submitted to the State must include: (a) date; (b) delivery order (if applicable) or contract number; (c) quantity; (d) description/itemization of the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price. Overtime, holiday pay, and travel expenses will not be paid.

All contractor invoices must include itemized monthly costs for program support, volume of services provided, clear description of all contract services, quality, unit price, documentation of service downtime, subtotal and final total as well as supporting documentation/reports of all proceeding items.

### **15.2. Payment Methods**

The State will make payment for Contract Activities via EFT through SIGMA.

## **16. SECURITY AND AUDIT REQUIREMENTS**

The contractor will follow systems access User ID and password controls as outlined by the Michigan Department of Technology, Management and Budget. Attachment K – Michigan Security Requirements outlines the Michigan rules.

It is the expectation of the State that the Contractor will rely on accepted EFT industry standards and convention in ensuring a sound and secure operating environment for all Michigan EBT, including SNAP and WIC EBT. Security and Audit Requirements described in this section apply to ALL Michigan EBT services, including SNAP and WIC.

The Contractor will ensure that an appropriate level of security is established and maintained in connection with the EBT services provided pursuant to this Contract. The EBT Contractor will process information that has been designated sensitive but unclassified. Sensitive but unclassified information is any information that the loss, misuse, or unauthorized access to or modification of could adversely affect

the national interest of the conduct of Federal/State programs, or affect the privacy to which individuals are entitled under Section 552a of Title 5, United States Code (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest of national defense or foreign policy.

To the greatest extent practical, the State prefers that the automated information systems and networks which process, store, or transmit sensitive but unclassified information meet the requirements for controlled access (C2) level protection as evaluated by the National Security Agency or National Institute for Standards and Technology. The application of US Treasury Directive (TD) P 71-10, Department of the Treasury Security Manual, to automated information systems, applications and facilities operated by the Department of Treasury directly, or by its designated depository financial Institutions and Contractors, is required.

The Contractor will comply with the most current regulations issued by the USDA FNS for EBT system security requirements at 7 CFR 274.12(h)(3) and with State automated data processing and information retrieval systems at CFR 277.18(m). When they are enacted and to the extent approved by the State, the Contractor will comply with the most current security requirements contained in the EBT Operating Rules.

The EBT Contractor will be required to meet the EBT security requirements contained in this section and will also comply with the most current standards, policies, and regulations described above. A security plan will be provided documenting the security controls employed by the Contractor in the performance of services under this Contract. This plan will include a description of physical, administrative, technical and systems controls implemented by the Contractor. In addition to this chapter, security requirements are described throughout this Contract. The Contractor will submit the final security plan at least one month prior to implementation.

#### **A. Facilities Physical Security**

The Contractor will utilize physical security and access control systems to limit access to any facilities used to produce cards, process data, or house any sensitive data to those authorized personnel and authorized visitors. The control systems will have the capability to detect and report attempted unauthorized entries into the facility.

The Contractor will regulate access to primary and backup data centers in such a way that the flow of all persons can be monitored and controlled by a security staff or other control process. This will be accomplished through the utilization of closed-circuit television camera systems, card reader access systems, intrusion detection alarm systems or similar systems.

##### **1. Entrance Security**

The EBT data processing and telecommunications facilities will be secured 24 hours, 365 days a year. The entrance(s) to the automated information systems or telecommunications facility will provide for controlled entry and be secure against forced entry.

##### **2. Locks**

The facility(s) will be locked at all times when authorized personnel are not present. If undetected entry can occur while the facility is occupied, countermeasures will be implemented to restrict unauthorized access.

a. Keys will never be left in locks or hidden in an area near the lock. The distribution of keys will be strictly limited and an effective control system established.

b. Cipher or proximity/swipe card type devices may be used during duty hours to control entry into a facility. However, during non-duty hours, the cipher lock will not be used as a sole locking device. The cipher combination will be protected by shielding the user of the locking mechanism against observation by unauthorized personnel and will be periodically changed.

**3. Windows**

Ground level and second story windows will have positive locking devices installed. If conditions allow, windows should be made inoperable. The State recommends that first and second story windows be covered with solid material, such as steel bars.

**4. Personnel Access Controls**

Access to operational sites will be controlled and limited to authorized personnel. Employee access to controlled areas within the operational site will be controlled by electronic access or other comparable procedure. Guests, including Contractors, will be required to sign-in and will be assigned a temporary identification badge, or other comparable control, to be permitted access to the facility. Guests will be escorted at all times by authorized personnel

**5. Data Storage Security**

All data on portable media, including but not limited to, magnetic tapes, diskettes, removable disk packs, paper listings, and microfiche will be in secure access controlled storage areas with access limited to authorized personnel, when not being used by computer operations.

**6. Fire Protection and Suppression**

The primary and backup processing sites as well as the tape storage areas will be equipped with fire detection and suppression systems that detect and suppress fire in the incipient stage.

**B. EBT Systems Security**

This section addresses security and control requirements pertaining to the development and overall operational characteristics of the EBT information and processing systems. Contractors will describe the systematic and procedural controls for the following areas and other pertinent controls for the EBT system operations.

**1. Control of Card Stock**

Contractors will describe the system and procedural controls to ensure that unissued card stock is properly safeguarded against loss, theft, and/or abuse. Contractors will be responsible and liable for all cards stock until they are received by the State or activated by a client.

**2. Control of PINs**

Contractors will describe the system and procedural controls to ensure that access to all PINs, whether assigned or selected, is strictly controlled. The Contractor is responsible for ensuring the confidentiality of the PIN during generation, issuance, storage, and verification. The DES algorithm will be used to control all PINs so that the number never travels or is stored in the clear. The Contractor will ensure that clear-text representation of the PIN will never be displayed on PIN entry devices. At a minimum, the Contractor will provide for authentication of data encoded on the card's magnetic stripe and PIN offset, and the PIN controls listed required in this Contract.

**3. Communications Access Controls**

The Contractor will provide for communications software to control access to the EBT system. Such communications software controls will ensure that all State, Federal, and Contractor personnel access to the EBT system to input data or generate inquiries is strictly controlled. Communications access control software will provide for the following capabilities at a minimum.

**a. User Identification and Authentication**

All personnel requiring access to the system will be established within the system. The system will require unique identification from each user in order to access the system. Access to files, databases, transactions and programs will be restricted to those personnel needing access to such data to meet

professional responsibilities. The system will protect authentication data so that it cannot be accessed by any unauthorized user. The system will also provide the capability of associating this identity with all actions taken by that individual subject to audit. The system will be able to maintain information for determining the authorizations of individual users. The system will support a lock-out threshold for excessive invalid access attempts. The logon IDs and passwords of users no longer authorized to access the system will be immediately deleted.

**b. Discretionary Access Controls**

The system will use identification and authorization data to determine user access to information and level or type of information accessed. Specified users will be provided the capability to specify who (by individual user or users, or type of users) may have access to system data. The system or network will assure that users without that authorization are not allowed access to the data.

**c. System Access Audit Controls**

The system will be able to create an audit trail of access to the system and maintain and protect such records from modification, unauthorized access, or destruction. The system will define and control access between named users and named objects (including but not limited to, files and programs). The system will be able to record the following types of events: Log on, log off, change of password, creation, deletion, opening, and closing of files, program initiation, and all actions by system operators, administrators, and security officers. For each recorded event, the audit record will identify: Date and time of the event, user, type of event, and the success or failure of the event. For log on, log off, and password change, the origin of the request (including but not limited to, terminal ID) will be included in the audit record. For file related events the audit record will include the file's name. The system administrator (or system security administrator) will be able to selectively audit the actions of one or more users based on individual identity.

**d. Communications Controls**

The Contractor will provide controls to ensure that EBT transaction communications are safeguarded, and EBT transactions are processed only for properly executed transactions from authorized terminals. Communications message validation will provide for control edits for message completeness, file and field formats, and control and authentication measures. Contractors will describe controls to secure communication lines and links. The Contractor will have the ability to perform error checking of transmitted data to ensure integrity of transmitted data, including range checks for acceptable data fields and message format checks. In addition, the Contractor will provide a configuration layout showing complete end-to-end details of the telecommunications and automated information systems(s) as part of the detailed system design required as a system development deliverable.

**4. System Data Security**

System data will be protected to ensure that system and confidential information will not be disclosed for unauthorized purposes. Such data security controls will include the following at a minimum:

**a. Security of Michigan Data**

The Contractor will ensure that designated users from the State may only access system data and operations in relation to Michigan. The Contractor will ensure that unauthorized users from outside the State do not have access to Michigan data.

**b. Federal Agency Access**

The Contractor will ensure the designated users from FNS, ACF and other Federal oversight agencies may only access the system in an inquiry mode. Federal users may access data from the State.

**c. Disclosure of Information and Data**

Any sensitive information made available in any format will be used only for the purpose of carrying out the provisions of this Contract. Information contained in such material will not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract. Disclosure to anyone other than an authorized officer or employee of the Federal Government or the State is prohibited without prior written approval of the State, which will obtain any necessary Federal approvals for disclosure. Sensitive information must be accounted for upon receipt and properly stored before, during and after processing. In addition, all related output must be given the same level of protection as required for the source material.

**d. Object Reuse Specifications**

The purpose of object reuse specifications is to prevent the inadvertent disclosure of residual information from data storage devices. When a storage object (including but not limited to, core area and disk file) is initially assigned, allocated, or reallocated to a system user, the State recommends strongly that the system will assure that it has been cleared. The Contractor's security system will also provide for the proper destruction of magnetic media when no longer required.

**5. Separation of Duties**

The Contractor will provide for adequate internal controls through separation of duties and/or dual control for the functions of card and PIN issuance, system administration and security administration. This includes the separation of operations from control functions (such as reconciliation controls), account setup (currently the responsibility of the MDHHS Application Security Unit) and benefit authorization (currently the responsibility of MDHHS case processing staff), and settlement authorization (currently the responsibility of the Contractor).

**6. Disaster Preparation and Contingency Operations**

Disaster preparation and contingency planning covers three areas. The first is the Contractor's system, the second is the State's systems, and the third is natural disasters impacting residents of the State.

**a. Contractor Systems**

The Contractor must provide an alternate means of authorization of all EBT transactions during short-term outages (an hour or less of when discovered), when switching over to the back-up site is not considered appropriate. The response to this requirement must also include how the Contractor will notify both the State and the retailer community that an outage is occurring, and alternate means of authorizations are currently in place.

However, in the event of a disaster impacting the availability of the Contractor's primary data processing site, the Contractor must have available a back-up site for host processing and telecommunications network services. The Contractor must have the EBT host back-up site begin processing transactions within one hour of a disaster declaration.

The Contractor's disaster recovery plan must also include a State notification process as well as disaster declaration criteria and timeframes that are acceptable to the State. The Contractor must notify the State immediately upon Contractor's decision to move to a disaster back-up site to provide EBT services. If the Contractor is providing EBT services to multiple States, the disaster

recovery plan must address the timing and order of recovery of the State as compared to the other agencies being processed. The recovery of the State's EBT system must not be delayed because the Contractor is recovering other States' EBT systems. The EBT contractor must provide a detailed plan to restore all EBT services within an hour of a discovered EBT outage.

The disaster back-up site must be tested annually, and the Contractor must provide the State with copies of such test results within thirty (30) days of receipt of the test results.

The State will not incur additional direct costs for this component.

**b. State Systems**

The Contractor must support the recovery of the State's eligibility and EBT interface systems at a back-up site in the event of a disaster at the State's primary data center. This support must consist of providing connectivity to the State's back-up site to support the transmission of data files and reports between the State and the EBT Contractor. Initial support may consist of only dial-up access until a more robust solution can be implemented. The connectivity during the initial days of a disaster may also consist of passing tape cartridges between the Contractor and the State. In either case, the Contractor must provide support to the State in ensuring that benefits are still being provided to clients through the EBT system during the recovery of the State's data processing systems. Following the declaration of a disaster by the State and movement to a back-up data center, the Contractor must work with the State's technical staff to provide EBT administrative terminal support.

The State will not incur additional direct costs for this component.

**c. Natural and Infrastructure Disasters and Acts of Terrorism within the State**

The EBT contractor must support providing benefits to State clients subsequent to the occurrence of a disaster within the State. The basic assumption in this scenario is that there is sufficient infrastructure available within the retailer community to support EBT as a means for benefit payments.

From the State's perspective, disasters can be divided into three distinct categories, level 1 through level 3. Level 1 is an isolated occurrence impacting a limited population, such as a major apartment fire or small tornado. Level 2 is a moderate disaster that, while devastating, is still regional in nature, such as a category four tornado that has demolished a specific neighborhood. Level 3 disasters are disasters that impact both a widespread area and/or a large population base, such as widespread flooding or a major power outage, or other infrastructure catastrophe.

The State will determine the level of the disaster and the area(s) of involvement, and will notify the contractor. Any additional costs to the state will apply only to disaster related activity for the level and area(s) involved.

The Contractor will establish policies and assign responsibilities to ensure that appropriate contingency and disaster recovery plans are developed and maintained. Contingency planning consists of the advance plans and arrangements that are necessary to ensure continuity of the critical functions of the EBT system. A formal Comprehensive Contingency Plan is required as one of the system conversion deliverables.

Contractors will describe their intended approach to contingency operations for each of the three areas identified above as part of responses to this invitation. The contractor's contingency plan will describe the actions to be taken, the resources to be used and the procedures to be followed before, during, and after any unlikely event occurs (i.e. a

disaster or contingency) that would render inoperative a function supportive to the EBT system. The contingency plan will cover all events of total or partial cessation of operations or destruction of the database or physical facility. Such planning will include procedures and availability of equipment for both automated and manual procedures, along with documented, tested procedures which, if followed, will ensure the availability of critical resources and facilities maintaining the continuity of operations in a contingency situation. Contractors must describe how proposed architecture, technical capabilities and organization will protect the system during emergency situations.

A formal contingency test of backup operations will be conducted within 3 months after implementation. Subsequently, annual contingency tests will be conducted.

**7. System and Procedural Documentation**

An integral component of the Contractor's internal control structure is the provision and maintenance of adequate documentation of system and software applications and operating procedures and requirements.

**8. Security Features User's Guide**

A single summary, Chapter, or manual in user documentation will describe the security features provided by the system, guidelines on how to use them, and how they interact with one another.

**9. System Modification and Tampering Controls**

The mechanisms within the application that enforce access controls will be continuously protected against tampering and/or unauthorized changes. The security-relevant software, or other control mechanisms, will maintain an execution program that protects its security mechanisms from external interference or tampering (including but not limited to, modification of its code or data structures).

**C. Administrative and Personnel Security**

The Contractor is responsible for ensuring the integrity of the EBT system operations including personnel involved in system administration and security administration. The Contractor will ensure that appropriate screening is conducted of all personnel who are assigned to work on the EBT system, and that such screening is in compliance with Title 12 of the US Code, Banks and Banking.

**1. General Organizational Controls**

The Contractor will provide for organizational entities responsible for EBT security administration. Security and control responsibilities for personnel involved in security administration will be clearly delineated in the position descriptions for such personnel. A Security Program Official will be designated. This official must be responsible for the approval of security specifications during the conversion of the EBT system. This official will also be responsible for ensuring that security activities during system conversion are accomplished and management officials are kept aware of the system security design specifications.

**2. Supervisory and Management Controls**

The Contractor will provide for supervisory and management controls when controlling risks to the EBT system and operation. In addition, the Contractor will provide for separation of duties, dual control, and/or other measures to control against operational risks.

**3. Internal Theft Controls**

The Contractor is responsible to ensure that adequate safeguards are in place to control against internal theft and/or embezzlement.

**4. Security Awareness Training**

The Contractor will provide security awareness training, in accordance with Public Law 100-235, Computer Security Act of 1987, for all personnel involved in the management, operation, programming, maintenance, or use of the EBT system. Financial Agents and subcontractor employees will be aware of their security responsibilities, know how to fulfill them, and know the credits involved if they are not fulfilled. Such training will be directed to the specific EBT system and operational procedures that the personnel will be using. The Contractor will, at a minimum, certify that all personnel have received the required security awareness training as part of the annual certification described in this section. Additional and refresher training will be performed annually.

**5. Security Personnel Training**

The Contractor's system security personnel will receive training in the operations of the system that includes a systemic overview, the security features, known vulnerabilities and threats, and security evaluation methodologies.

**D. Government Inspections, Audits, and Investigations**

The State, the United States Comptroller General and other Federal oversight agencies and their contracted agents will have the right to inspect, review, investigate, or audit all parts of the Contractor's or any subcontractor's facilities engaged in performing EBT services. In such capacity, the State, the US Comptroller General or their representatives, will have access to facilities, records, reports, personnel and other appropriate aspects of the EBT system.

**E. Comprehensive Security Program**

The Contractor will be responsible for the implementation and maintenance of a comprehensive security program for the EBT system and operations. This program will include the administrative, physical, technical and systems controls that will be implemented to meet the security requirements of the EBT system and this section. It is the expectation of the State that the system of internal controls used to manage risks to the EBT system and operations will be based on EFT industry standards used by Financial Institutions to manage their business exposure.

**1. EBT Security Plan**

The Contractor will submit an EBT Security Plan, consisting of documentation of the comprehensive security program. The Security Plan will describe the administrative, personnel physical, technical and systems controls to be implemented for the EBT system.

**2. Self-Certification and Examination**

As an integral component of the Contractor's EBT Security Program, the Contractor will provide an annual certification of compliance with banking, EFT, EBT and other regulations and requirements relating to the EBT application. This annual self-certification will also include assurance that the Contractor's system and structure of internal controls is properly administered to adequately safeguard the EBT system and operations and the public funds administered through them. The Contractor will provide for the examination and validation of such certification by an independent Certified Public Accounting firm or other independent practitioners. This annual requirement will be considered a normal cost of doing business.

**a. Entities Affected**

The annual self-certification and examination requirements will be applicable to the Contractor and any organization to which the Contractor has subcontracted for the performance of EBT related services. It will be the responsibility of the Contractor to provide annual certification of compliance with EBT program specific and related banking requirements for any contracted entities. Such certification of contracted entities will also be subject to independent examination and validation. Therefore, the certification by the Contractor to the State will include certification for the Contractor and any subcontracted entity's compliance

with EBT program specific requirements and banking regulatory requirements related to the EBT application.

**b. Self-Certification Scope**

The Contractor will provide an annual written certification stating that it is in compliance with applicable regulatory requirements and EBT program specific requirements. The following lists the EBT program specific requirements that will be addressed in the Contractor self-certification of compliance:

1. **Banking and Financial Services Rules.**  
The Contractor's Concentrator Bank will comply with the most current banking, EFT, and other financial services industry rules that relate to the EBT application. The Contractor certification of compliance will include banking, EFT, and financial services industry rules to the extent that such rules govern aspects of EBT system operations. Such rules include the National Automated Clearing House Association (NACHA) Operating Rules and Operating Guidelines, and the Department of the Treasury Financial Management Service Green Book requirements and the most current 31 CFR 210.
2. **Benefit Program Rules.**  
The Contractor and any subcontractors will comply with the most current specific benefit program level requirements. For benefit programs that do not have specific written requirements for participation in the EBT program, the Contractor will comply, as applicable, with the existing program level requirements and with benefit level requirements as promulgated by the administering agency. Currently, only one benefit program has written requirements specifically for participation in the EBT program, the most current USDA FNS Final Rule 7 CFR Parts 246 (WIC), 272, 274, 276, 277, and 278.
3. **Internal Control and Physical Personnel Security Requirements.** The Contractor is subject to the control and security requirements of this Contract.

**c. Internal Controls**

The Contractor will certify that it has properly administered all components of the EBT Security Plan and that such controls provide reasonable assurance that public funds administered through the EBT system are properly safeguarded and protected. The Contractor will describe how such certification was made. The Contractor will use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in making this certification.

**F. Annual Independent Examination**

The Contractor will arrange for the performance of an annual examination by a Certified Public Accounting firm or other independent practitioner acceptable to the State. The purpose of this examination is to ensure that the certifications of compliance and internal control offer reasonable assurance, and any disclosure of exceptions or qualifications made by the Contractor are proper and complete. A written statement on this examination is required and will be sent to the State together with the self-certification statements.

**1. Applicable Standards**

The independent examination will be performed in accordance with the Government Auditing Standards guidance for a financial related audit, specifically, SSAE 18 or most current version. SSAE 18 is applicable to the EBT annual examination in that it addresses the attestation requirements to examine management assertions of compliance. The independent examiner may use the results of internal auditor opinions, financial statements and audits, bank examinations and reviews, and similar activities in

supporting this examination. The audit will culminate in a report on policies and procedures placed in operation and tests of operating effectiveness. The report must be addressed to the State and submitted within 30 days of the State's fiscal year end.

**2. Settlement Audit Responsibilities**

Audit responsibilities are detailed throughout this Contract. This section highlights the main responsibilities in relation to settlement audit. NACHA Operating Guidelines require institutions to conduct audits of their settlement process periodically. Settlement audits will focus on the following:

- a. Maintenance of the security of the financial information
- b. Maintenance of current written contracts with other parties
- c. Compliance with ACH processing guidelines established by contractual obligations, laws, NACHA operating rules and Treasury and Federal Reserve guidelines
- d. Maintenance of a current contingency plan;
- e. Performance of functions in accordance with documented operating procedures;
- f. Validation of reconciliation procedures;
- g. Segregation of duties between the maintenance, transaction processing and reconciliation functions.

The State retains the right to monitor that the examinations are performed in accordance with standards and also retains the right to perform any additional procedures, audits, or examinations as determined necessary.

**G. Incident Reporting**

In addition to the self-certification and examination requirements, the Contractor will notify the State of any material instances of non-compliance promptly upon their discovery but no longer than five business days after discovery. Notification will include a description of the non-compliance and corrective action planned and/or taken.

## SCHEDULE B PRICING

1. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing). Per Standard Contract Terms 24. Terms of Payment, the State is exempt from all taxes.
2. The Contractor is encouraged to offer quick payment terms. The number of days must not include processing time for payment to be received by the Contractor's financial institution.

Quick payment terms: \_\_\_\_\_ % discount off invoice if paid within \_\_\_\_\_ days after receipt of invoice.

3. The Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

As stated in Schedule A – Statement of Work, Section 13. Pricing, all standard functions of operating the EBT system including, but not limited to, file transfer, storage and maintenance, warranties, and interoperability costs will be paid by way of the Cost-Per-Case-Month (CPCM) charges. Negotiated CPCM rates shall remain the same for the term of the agreed upon contract length.

WIC Project FRESH must be priced separately as it is an optional activity and will only be billed **IF** utilized.

### SCHEDULE B – MDHHS SNAP Pricing

- 1 The following pricing is in order to accomplish all the tasks, activities, responsibilities, and objectives described in this contract for both the 7-year contract period and potential 3-year extension amendment period.
- 2 The State retains the option of selecting those services it deems necessary without having to use all the services listed here or offered by the Contractor.
- 3 The pricing is all-inclusive of the rates that will be billable to or paid in any way by the State. If a rate is not identified, it will not be considered as a separately billable service. All services in this Contract will be considered to have been embedded in the rates. The State does not intend to pay for any services not explicitly identified as a State responsibility.
- 4 Neither start-up costs nor transition costs for the EBT program will be separately billable to the State. Any such costs will be considered embedded within the unit rates. Any costs related to transition to another contractor at the end of this Contract is also embedded within the unit rates.
- 5 The estimated usage figures listed by the State are based on the actual data, where available. They are provided as a consistent base to obtain an annual cost for operating the EBT program. These figures do not represent a guarantee of the same level of transactions either at start-up or through the duration of the Contract.
- 6 Any software enhancement request that is added to the contract via change requests/software modifications, whether initiated by the State or Contractor, comes with a 90-day warranty period whereby any issues with new code or caused by changes are covered at no additional charge.

#### I. COST PER CASE MONTH

The State is interested in finding the right solution with the appropriate security requirements.

##### a. Cost Per Case Month: Non-Cloud Solution

<u>Transaction Type</u>	<u>Est. Annual Usage</u>	<u>Cost per Case Month</u>	<u>Annual Cost</u>
SNAP Case/Year	7,440,000	\$0.0330	\$245,520.00
Cash Case/Year	42,000	\$0.0330	\$1,386.00
SNAP & Cash/Year	200,000	\$0.0330	\$6,600.00
<b>Total</b>			<b>\$253,506.00</b>

The costs of reports, file transfer, storage and maintenance, interoperability, and direct and indirect costs associated with the operation of this service are to be included within the price for each type of case in this category.

None of the components listed below (in Categories II through VII) may be included within the price for "Cost per Case Month".

**II. CALL CENTER / TELECOMMUNICATION**

<u>Transaction Type</u>	<u>Est. Monthly Usage</u>	<u>Cost</u>	<u>Annual Cost</u>
Payphone charges (per call)	300	\$0.75*	\$2,700
IVRU Cost Minute	1,800,000	\$0.0350	\$756,000.00
CSR Cost per Minute	140,000	\$0.6700	\$1,125,600.00
<b>Total</b>			<b>\$1,884,300.00</b>

\* The FDC controls the rate of Payphone charges. FIS will pass thru the FDC rate to the State. The current rate is \$0.75/call, however, this rate may change at any time based on FDC decisioning.

**III. WIRELESS POINT OF SALE EQUIPMENT**

<u>Retailer Type</u>	<u>Est. Monthly Usage</u>	<u>Cost</u>	<u>Annual Cost</u>
Monthly Wireless Interface Connection Fee	338**	\$19.95/month	\$80,917.20
Wireless POS Device Potential Exempt Retailers (**Current total as of 01/17/2020 = 350 exempt retailers)	338**	\$559.00/each to purchase	No annual cost based on purchase, which is a one-time cost.
<b>Total</b>			<b>\$80,917.20</b>

\*\* Estimate of the total number of exempt retailers. Totals may increase or decrease slightly from month to month.

**IV. WIRED POINT OF SALE WITH KEYPAD EQUIPMENT**

<u>Wired POS device with pin pad.</u>	<u>Est. Annual Usage</u>	<u>Total Purchase Cost</u>
Number of wired POS devices with external PIN Pad/Keypad	110	\$274.00/each to purchase

**V. CARD ISSUANCE (NO PHOTO)**

<u>Transaction Type</u>	<u>Est. Annual Usage</u>	<u>Cost/Each</u>	<u>Annual Cost</u>
Over-the-Counter	49,736	\$0.1707	\$8,489.94
Mailed from Contractor	300,000	\$0.7494	\$224,820.00
<b>Total</b>			<b>\$233,309.94</b>

**VI. ATM Transactions fees for CASH Assistance.**

<u>Transaction Type</u>	<u>Est. Annual Usage</u>	<u>Cost/Each</u>	<u>Annual Cost</u>
ATM Fees for Cash 50,000 per month	600,000	\$0.00	\$0.00
<b>Total</b>			<b>\$0.00</b>

Currently the State pays for up to four (4) ATM transactions per month per active cardholder. Any ATM transactions in excess of this number are not billable to the State. This number may be changed in the future, depending upon State and federal policy.

**VII Interface Connection/Month**

<u>Service Type &amp; Job Title</u>	<u>Est. Annual Usage</u>	<u>Cost/Each</u>	<u>Annual Cost</u>
Monthly Interface Connection Fee	1	\$0.00	\$0.00

**VIII. TRAINING PRODUCTS**

<u>Product Type – Training Pub</u>	<u>Est. Annual Usage</u>	<u>Cost/Unit</u>	<u>Annual Cost</u>
For Clients	70,000	\$0.20	\$14,000.00
For Retailers	1000	\$0.00	\$0.00
For State Admin Staff	50	\$0.00	\$0.00
<b>Total</b>			<b>\$14,000.00</b>

Client brochures must be available in the following languages: English, Spanish and Arabic. The State will provide editorial review as well as final approval of the finished training products.

<u>Product Type – Training Videos</u>	<u>Est. Annual Usage</u>	<u>Cost/Unit</u>	<u>Annual Cost</u>
For Clients (single video)	1	\$20,000.00	\$20,000.00
For Retailers (single video)	1	\$20,000.00	\$20,000.00
For State Admin Staff (Single video)	1	\$20,000.00	\$20,000.00
<b>Total</b>			<b>\$60,000.00</b>

The Contractor may change the training video only with approval of the MDHHS EBT PM.

<b>Total Contract Price*</b>		
Total Annual Contract Price (I + II + V + VI + VII)*	I.a. Non-Cloud Solution*	\$2,371,115.94
	I.b. Government Cloud Solution*	Not Applicable
	I.c. Commercial Cloud Solution*	Not Applicable
Total Seven (7) Year Contract Price*		\$16,597,811.58
Total Annual Cost Required Services and Training Services (VIII)		\$74,000.00
Total Seven (7) Year Required Services and Training Services		\$518,000.00

\*Total Contract Price should **NOT** include any one-time purchase price. Pricing for III. WIRELESS POINT OF SALE EQUIPMENT and IV. WIRED POINT OF SALE WITH KEYPAD EQUIPMENT will be considered separately.

<b>Required Services</b>	
Description	Cost/Each
Block cash withdrawals from certain retailers and ATMs	\$0.00

<b>Optional Training Services</b>	
Description	Cost/Each
Cost of Computer-Based Training for State Administration Staff	\$50,000.00
Administrative Staff Training – Train the Trainers (per day) (Option 1)	\$2,500.00
Administrative Staff Training – Hands on Training for State Staff and Staff from all Counties (per day) (Option 2)	\$2,500.00
Retailer Training Manuals on CD (per 100 CDs)	\$0.00

**SCHEDULE B – MDHHS WIC Pricing**

**A. Cost Per Case Month**

These costs must constitute the cost for all services related to a WIC account for one benefit month. These costs reflect the costs to set up and maintain a single active WIC account (case) on the system for one month including the costs of the card issuance including card stock; PIN selection and customer service; participant, retailer, State and Local Agency training; software and hardware upgrades necessary for transaction maintenance, all implementation and other services required for transacting WIC redemptions in accordance with WIC Operating Rules, Technical Implementation Guide, WUMEI, and MDHHS policies and procedures. Additionally, reports, file transfer, storage and maintenance, and system interoperability are to be included in the cost per case month.

A WIC account will be considered an active account only if there was a benefit issued to that account for the billable month. Following are the rules for determining billable cases:

- a) A family with a benefit start date of May 15 would be considered an active account and billable for cost per case month in May. If that family does not receive benefits on June 15, it would not be considered an active account, nor would it be billable for cost per case month in June.
- b) A family with a benefit start date of May 15, but the benefit was not sent to the EBT host until early June, would be considered a billable case in June, but not May.
- c) A family with a benefit start date of May 5, but the benefit was sent to the EBT host on April 30, would be considered a billable case in May, but not April.
- d) The cost of POS deployment, including equipment, installation, maintenance, supplies, and required new communications must be borne by the Contractor. Neither the Contractor nor the State will pay for retailers' existing communications resources if they are used for EBT.

WIC Cost Per Case (Household) Month	Est. Annual Usage	Cost Per Case (Household)	Annual Cost	Total Contractual Cost (7 years)
WIC Cost Per Case Month	130,000	\$0.399	\$622,440.00	\$4,357,080.00

**B. Equipment**

Costs for Integrated Electronic Cash Register systems are borne by the retailers/stores. Costs for single-function, stand-beside POS devices for WIC Authorized retailers/stores identified and approved by the Michigan WIC program will be supplied, installed, and maintained by the Contractor at a set price, and paid by MDHHS through the awarded contract. The WIC EBT contractor must make available for sale or lease to authorized WIC vendors only, stand-beside solutions including the option to lease or purchase additional POS equipment.

**Note:** Multi-function POS terminals must be used at WIC Authorized Vendors that also transact additional MDHHS programs, such as SNAP. All costs for multi-function POS terminals will be borne by the retailer, unless MDHHS approves the retailer as exempt under the Agricultural Act of 2014.

	Equipment Type	Est. Number of Devices	Cost/Device/Month	Annual Cost	Total Contractual Cost (7 years)
1.	WIC single function POS devices for WIC Authorized Vendors	450	\$25.00	\$135,000.00	\$945,000.00
2.	Optional: WIC single-function POS devices; external PIN Pad and scanner (local WIC Clinics) Lease Option	150	\$15.00	\$27,000.00	\$189,000.00

	Equipment Type	Est. Number of Devices	Cost per Device	Total Purchase Cost
3.	Optional: WIC single-function POS devices; external PIN Pad and scanner (local WIC Clinics) Purchase Option	150	\$400.00	\$60,000.00

**C. Additional Services**

Michigan has developed a mobile application (WIC Connect) and online portal (WIC Client Connect) that allows WIC clients to view current and future benefits in real-time. These applications utilize the MIS EBT interface, which increases interface traffic. The Contractor must be able to accommodate this increased traffic through either the MIS EBT interface, or a separate dedicated web-service.

Service Type	Description	Est. Monthly Usage	Cost
System Architecture and Mobile/Web Application Support	EBT system architecture and interface to support Client facing mobile application(s) for real-time benefit lookup	Up to 200,000 total users Up to 25,000 concurrent users	\$1,000.00 per month
New Benefit Program	See Schedule A, 4.9.G for additional details.	0 – 50,000 cases	Requires Functional Requirements*
		50,001 – 150,000 cases	Requires Functional Requirements*
		>150,001 cases	Requires Functional Requirements*

**\*FIS has included the Summer EBT for Children CPCM within our WIC CPCM. For any other new benefit program, FIS is unable to provide cost without understanding the full functional requirements. Upon receipt of requirements, FIS will evaluate, scope the effort and provide a cost estimate.**

**D. Training Products**

Product Type	Description	Quantity	Rate	Annual Cost	Total Contractual Cost (7 years)
Admin Terminal Training to State and Local Agency Staff	In-person training for State and Local Agency staff	240 hours (total throughout contract term)	\$120.00	\$28,800.00 Total cost for year one.	See explanation in Annual Cost response.
Computer Based Training	Training Video(s) (Refer to Schedule A 4.3.A)	14 total minutes of training video	\$20,000.00	\$20,000.00	No annual cost based on purchase, which is a one-time cost.
Administrative Staff Training	Train the Trainer Manual (first 15 manuals)	15	\$0.00	\$0.00	\$0.00
Administrative Staff Training	Train the Trainer Manual (each additional Manual)	Per each additional manual	\$30.00	No annual cost, based upon quantity ordered.	Total Contractual cost based on quantity ordered.
Retailer Training	Manuals provided in electronic format	\$0.00	\$0.00	\$0.00	\$0.00

**E. Project FRESH**

Product Type	Quantity	Cost/Device/Month	Annual Cost	Total Contractual Cost (7 years)
Wireless eWIC POS Devices	1	\$60.00	\$720.00	\$5,040.00

**Total Contract Price (WIC Services)\***

Total Annual Contract Price (A + B.1..) +:	\$ 757,440.00
Total Seven (7) Year Contract Price* + D**:	\$ 5,350,880.00
Total Annual Contract Price (A + B.1. + B.2.) +:	\$ 784,440.00
Total Seven (7) Year Contract Price* + D**:	\$ 5,539,880.00
Total Annual Contract Price (A + B.1. ) +:	\$ 757,440.00
Total Seven (7) Year Contract Price*+ B.3. *** + D**:	\$ 5,410,880.00

\*Total Contract Price should **NOT** include any costs related to C. Additional Services or E. Project FRESH.

\*\* Values associated with D. are one time-costs, therefore they are only added to the total seven (7) year contract price, not the annual costs.

\*\*\*Optional: WIC single-function POS devices; external PIN Pad and scanner (local WIC Clinics) Purchase Option is a one-time cost, therefore they are only added to the total seven (7) year contract price, not the annual costs.

**SCHEDULE B – Additional Services Pricing**

1. This section is to provide rates for changes that exceed 300 hours from section 6.2.D.16. Change Request Control Process of Schedule A – Statement of Work.

<u>Hours</u>	<u>Rate(s)</u>	
SNAP Rate	Project Manager Business Analyst Technical/Dev Analyst Quality Analyst Other	\$95/hour \$90/hour \$85/hour \$70/hour \$85/hour
WIC Rate	All professional services	\$130/hour

2. Any additional services and respective pricing Contractor would like to provide or offer to the State must be included below.

Contractor proposes in the table immediately below equipment alternatives to the equipment this Price Proposal Section III and Section IV.

<b>Additional Services Pricing – Alternate Solutions for Price Proposal Sections III and IV</b>			
<u>Service</u>	<u>Unit being billed/measured in</u>	<u>Cost</u>	<u>Description</u>
<b>Alternate solutions to: Section III.</b>  <b>Optional Wireless Solution:</b> <b>Novo Dia Mobile Market+ Select (MM+ Select)</b>	<u>Alternate solution #1:</u> Per device one-time fees and monthly fees.  State pays FIS for upfront Encrypted Card Reader and a receipt printer.  FIS then bills the State monthly for the licensing fee.	Equipment: \$560.00 (one-time)  Annual license fee billed on a monthly basis: \$20.00	Novo Dia Mobile Market+ Select (MM+ Select) The MM+ Select offering provides an on-the-go service for farmers markets and small, nontraditional retailers to process EBT transactions from a mobile Apple device. The State can purchase Wireless Market Select services from Novo Dia as part of the State contract with FIS.  <u>Alternate Solution #1</u> – Retailer brings their own device (BYOD).  Under this solution, the farmer or retailer has their own Apple iPhone, or Apple iPad with their own cellular / WIFI service, that they would like to use to take Payments at their location. This solution lowers their upfront costs to participate in the program.
	<u>Alternate solution #2:</u> State pays FIS for upfront iPad, Encrypted Card Reader and receipt printer. FIS then bills the State monthly for the licensing fee, and MDM/1GB Cellular service.	Equipment: \$1,000.00 (one-time) Annual license fee billed on a monthly basis: \$20.00  Cellular service: monthly fee: \$25.00	<u>Alternate solution #2</u> – Retailer purchases a device and cellular service. Under this solution, the farmer or retailer does not have access to a supported Apple device, and they would like to obtain one. This solution offers an iPad with an encrypted card reader and a receipt printer.

<p><b>Alternate solutions to Section IV:</b></p> <p><b>Wired POS with external keypad equipment</b></p>	<p><u>Alternate #1</u> Per Terminal with integrated PINpad</p>	<p>\$175.00</p>	<p><u>Alternate solution #1:</u> VeriFone VX 520 Terminal with integrated PINpad. Note: This solution offers an integrated PINpad rather than an external PINpad reflecting a hardware cost savings</p>
	<p><u>Alternate #2</u> One (1) PINpad and one (1) MagTek Card Reader</p>	<p>\$175.00</p>	<p><u>Alternate solution #2:</u> VeriFone PINpad VX 805 Model 190 with MagTek Card Reader. Note: This solution allows for PIN Selection only. The cardholder would have the choice to use their mobile phone application to access the FIS Cardholder Portal to select/change their Pin along with checking balance and or the clinic staff can provide benefit balance and printed receipt leveraging the FIS ebtEDGE admin application via the staff workstation.</p>

<p><b>Additional Services Pricing – Value Added Items</b></p>			
<p><u>Service</u></p>	<p><u>Unit being billed/measured in</u></p>	<p><u>Cost</u></p>	<p><u>Description</u></p>
<p><b>ebt/INSIGHT</b></p>	<p>One Time and on-going fee. (waived)</p>	<p>\$0.00</p>	<p>FIS' latest business intelligence software, <i>ebt/INSIGHT</i>, will simplify and expedite the way the State reviews, understands, presents and shares program data. The State has the ability to display pre-generated queries or create customized reports using the ad-hoc features. The objective of this tool is to provide fast analytics – connect and visualize data in minutes, faster than using other data warehouse solutions.</p>
<p><b>ebt/INSIGHT Advanced Data Sources: IVR and Portal Inquiry</b></p>	<p>Per Data Source</p>	<p>\$0.00</p>	<p>Portal Inquiry: This data source will include statistics related to the various FIS web portals (Agency, Cardholder, Merchant) such as:</p> <ul style="list-style-type: none"> <li>• Number of Case and Client Inquiries</li> <li>• Source of Inquiry - User or Agency</li> <li>• Inquiry information searched.</li> </ul> <p>IVR: This data source will include call log data including details such as:</p> <ul style="list-style-type: none"> <li>• Dialing number</li> </ul>

			<ul style="list-style-type: none"> <li>• Call start time and end time</li> <li>• IVR function used</li> <li>• Transfers to live agent</li> </ul> <p>These data sources enable the State to quickly access a vast amount of raw data in a matter of seconds to rapidly uncover behavior patterns otherwise very difficult to ascertain from traditional static reports. The value of the IVR data source is allow the State to quickly identify patterns such as where one phone number is being used for account inquiries and changes related to multiple card numbers. The value of the Portal Inquiries data source provides the State insight into user activity in terms of identifying which screens are being accessed and what inquiries are being conducted by staff at all times.</p>
<b>Cardholder Mobile Application</b>	One application	\$0.00	FIS' cardholder Mobile Application provides all the same information and functionality as available through the FIS Cardholder Portal.
<b>Cardholder Mobile Application – Customer Alerts/Email Push Notifications</b>	One Mobile Application	\$0.00	FIS' Mobile Application supports the technology for outbound messaging using email and push notification for client alerts about account updates.
<b>Enhanced Cardholder Portal</b>	Not Applicable		FIS' cardholder portal provides the same functionality as the client customer service center and allows cardholders to check SNAP, Cash, and WIC benefit information from the same portal. No navigation to a separate portal for WIC is necessary. All cards for the client are accessed with a single login.
<b>Personalization in IVR (by Telephone Number)</b>	Not applicable	No Additional Pricing	The FIS IVRU recognizes the caller by telephone number, thereby providing faster service to the cardholder.
<b>Fraud Reports</b>	Not applicable	No Additional Pricing	FIS' suite of fraud reports that are available online or in print track EBT accounts across a variety of reports to provide alerts for possible fraudulent retailer and/or cardholder activity.

<b>Fraud Navigator – Cash Blocking</b>	Not applicable	No Additional Pricing	Fraud Navigator, our online, real-time monitoring tool, alerts of suspected fraud before a transaction is completed, and denies the transaction before being processed within the <i>ebtEDGE</i> System. It will be used by Michigan for blocking cash transactions at unauthorized merchants and/or terminals.
<b>Novo Dia Mobile Market+ Select (MM+ Select)</b>	Per Device	<p><u>Alternate solution #1:</u> Equipment: \$560.00 (one-time) Annual license fee billed on a monthly basis: \$20.00</p> <p><u>Alternate solution #2:</u> Equipment: \$1,000.00 (one-time) Annual license fee billed on a monthly basis: \$20.00 Cellular service: monthly fee: \$25.00</p>	<p>The MM+ Select offering provides an on-the-go service for farmers markets and small, nontraditional retailers to process EBT transactions from a mobile Apple device.</p> <p>Two alternatives for pricing are available. <u>Alternate 1</u> is if a retailer brings their own device (BYOD). <u>Alternate 2</u> is if a retailer wishes to purchase a device along with the cellular service.</p>
<b>Batch Monitoring</b>	Not applicable	No Additional Pricing	Batch monitoring screens in the Agency Portal enable users to look up the status or other information about a batch file being processed.
<b>webADMIN Liability/Settlement Screens</b>	Not applicable	No Additional Pricing	<i>webADMIN</i> liability and settlement screens enable users to view settlement updates in real time.
<b>FIS One</b>	Not applicable	No Additional Pricing	FIS One allows authorized State users to open service tickets to ask questions, report issues, and submit general requests.
<b>State Support Service</b>	Not applicable	No Additional Pricing	FIS will provide 24/7 EBT support for State staff via our State Support Service team.
<b>Tax Credit Job Board</b>	Not applicable	No Additional Pricing	The Tax Credit Job Board reduces job seekers' dependency on government programs by linking EBT recipients and other qualifying job seekers with open positions at participating employers.
<b>Access to EBT Graduation Card</b>	Not applicable	No Additional Pricing	FIS has developed an EBT Graduation Card program that allows cardholders access to a prepaid card solution. This solution will help cardholders get back on their feet by providing them a reloadable payment method.

<b>People Pay</b>	To be determined	To be determined	People Pay allows cardholders to make personal cash-based payments anytime, anywhere, via the convenience of their personal computer, smartphone, or tablet.
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Page Contains Confidential Information

<b>Additional Services Pricing – Optional Items</b>			
<b>Service</b>	<b>Unit being billed/measured in</b>	<b>Cost</b>	<b>Description</b>
<b>ebt/INSIGHT Advanced Analytics with Additional Data Elements</b>	Per data source	Increase of \$0.005 to CPCM for additional data source dependent upon the specific data elements required	FIS will provide additional data sources that feed into, and become available for reporting within, <i>ebt/INSIGHT</i> including customer service and retailer data.
<b>Text Messaging Service – Short Message Service (SMS) Customer Alerts/Notifications</b>	Per outbound message	\$0.015 per text message	The client may opt-in to receive text messages containing account information. Cardholder sends a text to FIS with key words such as “BAL”, “MINI”, etc. to receive a text message reply with the pertinent information.
<b>Fraud Navigator – Additional Rules</b>	To be determined	Price to be determined; based on the specific requirements of the State.	FIS will allow Michigan to implement a defined number of rules in Fraud Navigator as selected by the State. These include SNAP, TANF, and WIC transactions, but can include any combination of information in a financial transaction, such as an alert if two or more cards are used at an ATM in a three-minute timeframe, a balance inquiry followed by a large purchase, etc.
<b>Fraud Resources</b>	Per Resource	Price to be determined; based on the specific requirements of the State.	FIS can provide the State with dedicated resources from our Fraud Solutions team who will use the FIS fraud tools and associated technology to help create referrals of specific retailers, recipients, and employees that are suspected of committing fraud.
<b>Novo Dia Mobile Market+ Register (MM+ Register)</b>	Per device	Price to be determined; based on the specific requirements of the State	The MM+ Register offering is a cash register-based solution that provides the option of either a wired or wireless connection for retailers to process EBT transactions, as well as to accept cash and checks, using a mobile Apple device.
<b>Dual Participation Validation</b>	One-time plus monthly on-going fee	Price to be determined; based	The State can perform a multi-state participation check as part of

		on the specific requirements of the State.	the eligibility process against a database created by FIS for this purpose.
<b>Host-to-Host Interface</b>	One-time plus monthly on-going fee	Price to be determined; based on the specific requirements of the State.	FIS can set up host-to-host communication between the State systems and FIS. FIS has multiple distinct implementations to offer enabling the State to select which solution best meets their needs.
<b>Common PIN Blocking</b>	One-time plus monthly on-going fee	Price to be determined; based on the specific requirements of the State.	FIS can block cardholders from picking common PINs, such as 1234 or 0000. The State can choose its own set of PINs to be blocked.
<b>EBT Management Dashboard</b>	Monthly fee	\$3,000 per month for admin access users	With the EBT Management Dashboard, the State can perform countless data management functions, from viewing and drilling down within your data (in one place) in new and valuable ways to viewing our new daily and monthly story boards.
<b>ID Verification (IDV)/ ID Authentication (IDA)</b>	One-time plus monthly on-going fee	Price to be determined; based on the specific requirements of the State.	Using FIS' ID Verification products, Michigan could verify the identity of individuals applying for benefits by cross-referencing more than 23 billion records from multiple independent data sources. The solution can also detect if the ID presented is valid, such as a driver's license or passport.
<b>Over-the-Counter Local Card Printing</b>	One-time plus monthly on-going fee	Price to be determined; based on the specific requirements of the State.	FIS can install over-the-counter card printers in-office to enable local offices to personalize cards on demand.
<b>Staggered Benefit Issuance</b>	To be determined	Michigan's current food benefit issuance schedule is staggered between the 3rd and 21st of each month. If the State is open to modifying the issuance dates from the 1st to the 28th of the month, FIS will offer a discount to be negotiated.	Discount to be based on mutual agreement between State and FIS.
<b>FIS Mobile Adoption</b>	To be determined	Discount to be based on mutual agreement between State and FIS.	FIS will offer the State of Michigan a discount in Call Center per Minute Pricing if the State works in partnership with FIS to maximize Cardholder Mobile

			Adoption as defined by unique client registered to case count ratio.
<b>Additional Value Add Services</b>	To be determined	To be determined	FIS has many ideas to provide additional services that may be beneficial to the State and its cardholders. FIS would like to work in partnership with the State to discuss these options and based upon discovery, FIS will offer appropriate discount mechanisms associated with the contracted services.

**SCHEDULE E  
CONTRACTOR HOSTED SOFTWARE AND SERVICES**

**1. Definitions.** In addition to the definitions found in the Contract Terms, for the purposes of this Contract, the following terms have the following meanings:

**“Authorized Users”** means all Persons authorized by the State to access and use the Software under this Contract, subject to the maximum number of users specified in the applicable Statement of Work.

**“Harmful Code”** means any: (a) virus, trojan horse, worm, backdoor or other software or hardware devices the effect of which is to permit unauthorized access to, or to disable, erase, or otherwise harm, any computer, systems or software; or (b) time bomb, drop dead device, or other software or hardware device designed to disable a computer program automatically with the passage of time or under the positive control of any Person, or otherwise prevent, restrict or impede the State's or any Authorized User's use of such software.

**“Hosted Services”** means the hosting, management and operation of the Software and other services for remote electronic access and use by the State and its Authorized Users as described in one or more written, sequentially numbered, statements of work referencing this Contract, including all Specifications set forth in such statements of work, which, upon their execution will be attached as **Schedule A** to this Contract and by this reference are incorporated in and made a part of this Contract.

**“Integration Testing”** has the meaning set forth in **Section 4.2(c)**.

**“Open-Source Components”** means any software component that is subject to any open-source copyright license agreement, including any GNU General Public License or GNU Library or Lesser Public License, or other obligation, restriction or license agreement that substantially conforms to the Open Source Definition as prescribed by the Open Source Initiative or otherwise may require disclosure or licensing to any third party of any source code with which such software component is used or compiled.

**“Open-Source License”** has the meaning set forth in **Section 2.3**.

**“Operating Environment”** means, collectively, the platform, environment and conditions on, in or under which the Software is intended to be installed and operate, as set forth in the Statement of Work, including such structural, functional and other features, conditions and components as hardware, operating software and system architecture and configuration.

**“Service Error”** means any failure of any Hosted Service to be Available or otherwise perform in accordance with this Schedule.

**“Specifications”** means the specifications for the Software set forth in the applicable Statement of Work and, to the extent consistent with and not limiting of the foregoing, the Documentation.

**“State Materials”** means all materials and information, including documents, data, know-how, ideas, methodologies, specifications, software, content and technology, in any form or media, directly or indirectly provided or made available to Contractor by or on behalf of the State in connection with this Contract.

**“Support Services”** means the Software maintenance and support services Contractor is required to or otherwise does provide to the State pursuant to this **Schedule E** and **Exhibit 1** to this **Schedule E**.

**“Technical Specification”** means, with respect to any Software, the document setting forth the technical specifications for such Software and included in the Statement of Work.

**“User Data”** means all data, information and other content of any type and in any format, medium or form, whether audio, visual, digital, screen, GUI or other, that is input, uploaded to, placed into or collected, stored,

processed, generated or output by any device, system or network by or on behalf of the State, including any and all works, inventions, data, analyses and other information and materials resulting from any use of the Software by or on behalf of the State under this Contract, except that User Data does not include the Software or data, information or content, including any GUI, audio, visual or digital or other display or output, that is generated automatically upon executing the Software without additional user input.

“**Warranty Period**” means the ninety (90) calendar-day period commencing on the date of the State's Acceptance of the Software.

## **2. Hosted Software License Grant and Source Code Escrow**

2.1 Contractor License Grant. Contractor hereby grants to the State, exercisable by and through its Authorized Users, a nonexclusive, royalty-free, irrevocable (except as provided herein) right and license during the Term and such additional periods, if any, as Contractor is required to perform Services under this Contract or any Statement of Work, to:

- (i) access and use the Hosted Services, including in operation with other software, hardware, systems, networks and services, for the State's business purposes, including for Processing State Data;
- (ii) generate, print, copy, upload, download, store and otherwise Process all GUI, audio, visual, digital and other output, displays and other content as may result from any access to or use of the Hosted Services;
- (iii) prepare, reproduce, print, download and use a reasonable number of copies of the Specifications and Documentation for the State's internal use in connection with the Hosted Services under this Contract; and
- (iv) access and use the Hosted Services for all such non-production uses and applications as may be necessary or useful for the effective use of the Hosted Services hereunder, including for purposes of analysis, development, configuration, integration, testing, training, maintenance, support and repair, which access and use will be without charge and not included for any purpose in any calculation of the State's or its Authorized Users' use of the Hosted Services, including for purposes of assessing any Fees or other consideration payable to Contractor or determining any excess use of the Hosted Services as described in **Section 2.2**.

2.2 License Restrictions. The State will not: (a) rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer or otherwise make the Hosted Services available to any third party, except as expressly permitted by this Contract or in any Statement of Work; or (b) use or authorize the use of the Hosted Services or Documentation in any manner or for any purpose that is unlawful under applicable Law.

2.3 Use. The State will pay Contractor the corresponding Fees set forth in the Statement of Work for all Authorized Users access and use of the Hosted Services or Software. Such Fees will be Contractor's sole and exclusive remedy for use of the Hosted Services or Software, including any excess use.

2.4 Open-Source Licenses. For Contractor Hosted Software only (and not for the provision of Software-as-a-Service), any use hereunder of Open-Source Components shall be governed by, and subject to, the terms and conditions of the applicable open-source license (“Open-Source License”). Contractor shall identify and describe in an exhibit to the Statement of Work each of the Approved Open-Source Components of the Software, and include an

exhibit attaching all applicable Open-Source Software Licenses or identifying the URL where these licenses are publicly available.

2.5 Source Code Escrow. This Section 2.5 does not apply to any Contractor's software used to provide the Hosted Services in this Contract, or otherwise apply to this Contract due to the nature of the outsourced services provided by Contractor. The parties may enter into a separate intellectual property escrow agreement. Such escrow agreement will govern all aspects of Source Code escrow and release. Contractor hereby grants the State a license to use, reproduce, and create derivative works from the deposit material, provided the State may not distribute or sublicense the deposit material or make any use of it whatsoever except for such internal use as is necessary to maintain and support the Software. Copies of the deposit material created or transferred pursuant to this Contract are licensed, not sold, and the State receives no title to or ownership of any copy or of the deposit material itself. The deposit material constitutes Confidential Information of Contractor pursuant to **Section 38.a** of this Contract (provided no provision of **Section 38.e** calling for return of Confidential Information before termination of this Contract will apply to the deposit material).

### **3. Hosted Services Testing and Acceptance.**

3.1 Hosted Service Preparation. Promptly upon the parties' execution of a Statement of Work, Contractor will take all steps necessary to make the Hosted Services procured thereunder ready and available for the State's use in accordance with the Statement of Work and this Contract, including any applicable milestone date or dates set forth in such Statement of Work.

#### 3.2 Testing and Acceptance.

(a) When Contractor notifies the State in writing that the Hosted Services are ready for use in a production environment, the State will have thirty (30) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the notice to test the Hosted Services to determine whether they comply in all material respects with the requirements of this Contract and the Specifications.

(b) Upon completion of the State's testing, the State will notify Contractor of its acceptance ("**Accept**" or "**Acceptance**") or, if it has identified any noncompliance with the Specifications, rejection ("**Reject**" or "**Rejection**") of the Hosted Services. If the State Rejects the Hosted Services, the State will provide a written list of items that must be corrected. On receipt of the State's notice, Contractor will promptly commence, at no additional cost or charge to the State, all reasonable efforts to complete, as quickly as possible and in any event within twenty (20) days (or such other period as may be agreed upon by the Parties in writing) from receipt of the State's notice, such necessary corrections, repairs and modifications to the Hosted Services to bring them into full compliance with the Specifications.

(c) If any corrective measures are required under **Section 3.2(b)**, upon completion of all such measures, Contractor will notify the State in writing and the process set forth in **Section 3.2(a)** and **Section 3.2(b)** will be repeated; provided that if the State determines that the Hosted Services, as revised, still do not comply in all material respects with the Specifications, the State may, in its sole discretion:

- (i) require the Contractor to repeat the correction, repair and modification process set forth in **Section 3.2(b)** at no additional cost or charge to the State; or
- (ii) terminate any and all of the relevant Statement of Work, this Contract and any other Statements of Work hereunder.

(d) The parties will repeat the foregoing procedure until the State Accepts the Hosted Services or elects to terminate the relevant Statement of Work as provided in **Section 3.2(c)(ii)** above. If the State so terminates the relevant Statement of Work, Contractor must refund to the State all sums previously paid to Contractor under such Statement of Work within ten (10) Business Days of the State's written notice of termination, and the State will be relieved of all obligations thereunder.

#### **4. Support Services.**

**4.1 Maintenance and Support Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Support Services**") in accordance with the provisions set forth in this **Schedule E** and in the Service Level Agreement, attached as **Exhibit 1** to this **Schedule E** (the "**Support Services and Service Level Agreement**").

**4.2 Maintenance Services.** Contractor will provide Hosted Service maintenance and support services (collectively, "**Software Support Services**") in accordance with the provisions of this **Schedule E**, including **Exhibit 1** to this **Schedule E**. The Software Support Services are included in the Services, and Contractor may not assess any additional fees, costs or charges for such Software Support Services. Contractor will continuously maintain the Hosted Services to optimize Availability that meets or exceeds the Availability Requirement as defined in **Exhibit 1** to this **Schedule E**. Such maintenance services include providing to the State and its Authorized Users:

- (a) all updates, bug fixes, , new releases, new versions and other improvements to the Hosted Services, including the Software, that Contractor generally provides to all of its other EBT clients at no additional charge; and
- (b) all such services and repairs as are required to maintain the Hosted Services or are ancillary, necessary or otherwise related to the State's or its Authorized Users' access to or use of the Hosted Services, so that the Hosted Services operate properly in accordance with the Contract and this **Schedule E**.

**4.3 Support Service Responsibilities.** Contractor will:

- (a) correct all Service Errors in accordance with the Support Service Level Requirements as defined in **Exhibit 1** to this **Schedule E**, including by providing defect repair, programming corrections and remedial programming;
- (b) provide unlimited telephone support between the hours of 7 am and 7 pm, EST;
- (c) provide unlimited online support 24 hours a day, seven days a week;
- (d) provide online access to technical support bulletins and other user support information and forums, to the full extent Contractor makes such resources available to its other customers; and

- (e) respond to and Resolve Support Requests as specified in **Exhibit 1** to this **Schedule E**.

## 5. Software and Service Warranties.

- (a) Contractor represents and warrants to the State that:

- (i) Contractor has, and throughout the Term and any additional periods during which Contractor does or is required to perform the Services, including Hosted Services, will have, the unconditional and irrevocable right, power and authority, including all permits and licenses required from Contractor, to provide the Services and grant and perform all rights and licenses granted or required to be granted by it under this Contract;

- (ii) neither Contractor's grant of the rights or licenses hereunder nor its performance of any Services or other obligations under this Contract does or at any time will: (i) conflict with or violate any applicable law, including any law relating to data privacy, data security or personal information; (ii) require the consent, approval or authorization of any governmental or regulatory authority or other third party; or (iii) require the provision of any payment or other consideration by the State or any Authorized User to any third party, and Contractor shall promptly notify the State in writing if it becomes aware of any change in any applicable law that would preclude Contractor's performance of its material obligations hereunder;

- (iii) as accessed and used by the State or any Authorized User in accordance with this Contract and the Specifications, the Hosted Services, Documentation and all other Services and materials provided by Contractor under this Contract will not knowingly infringe, misappropriate or otherwise violate any Intellectual Property Right or other right of any third party;

- (iv) there is no settled, pending or, to Contractor's knowledge as of the Effective Date, threatened action, and it has not received any written, oral or other notice of any action (including in the form of any offer to obtain a license): (i) alleging that any access to or use of the Services, Hosted Services, or Software does or would infringe, misappropriate or otherwise violate any Intellectual Property Right of any third party; (ii) challenging Contractor's ownership of, or right to use or license, any software or other materials used or required to be used in connection with the performance or receipt of the Services, or alleging any adverse right, title or interest with respect thereto; or (iii) that, if decided unfavorably to Contractor, would reasonably be expected to have an actual or potential adverse effect on its ability to perform the Services, including Hosted Services, or its other obligations under this Contract, and it has no knowledge after reasonable investigation of any factual, legal or other reasonable basis for any such litigation, claim or proceeding;

- (v) the Software, Services (including Hosted Services) will in all material respects conform to and perform in accordance with the Specifications and all requirements of this Contract, including the Availability and Availability Requirement provisions set forth in Exhibit 1 to this **Schedule E**;

- (vi) all Specifications are, and will be continually updated and maintained in all material respects so that they continue to be, current, complete and accurate and so that they do and will continue to fully describe the Hosted Services in all material respects such that at no time during the Term or any additional periods during which Contractor does or is required to perform the Services will the Hosted Services have any material undocumented feature;

(vii) the Contractor Systems and Services (including Hosted Services) are and will remain free of Harmful Code;

(viii) Contractor will not advertise through the Hosted Services (whether with adware, banners, buttons or other forms of online advertising) or link to external web sites that are not approved in writing by the State where the activity affects only State of Michigan users, and such approval will not be unreasonably withheld or delayed by the State and the State will provide a response within two weeks after Contractor provides notice of the proposed activity;

(ix) Contractor will perform all Services in a timely, professional and workmanlike manner with a level of care, skill, practice and judgment consistent with generally recognized industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, and will devote adequate resources to meet Contractor's obligations (including the Availability Requirement and Support Service Level Requirements) under this Contract;

(x) During the term of this Contract, any audit rights contained in any third-party software license agreement or end user license agreement for third-party software incorporated in or otherwise used in conjunction with the Services, will apply solely to Contractor's (or its subcontractors) facilities and systems that host the Services (including any disaster recovery site), and regardless of anything to the contrary contained in any third-party software license agreement or end user license agreement, third-party software providers will have no audit rights whatsoever against State systems or networks; and

(xi) Contractor acknowledges that the State cannot indemnify any third parties, including but not limited to any third-party software providers that provide software that will be incorporated in or otherwise used in conjunction with the Services, and that notwithstanding anything to the contrary contained in any third-party software license agreement or end user license agreement, the State will not indemnify any third party software provider for any reason whatsoever.

(b) DISCLAIMER. EXCEPT FOR THE EXPRESS WARRANTIES IN THIS CONTRACT, CONTRACTOR HEREBY DISCLAIMS ALL WARRANTIES, WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE UNDER OR IN CONNECTION WITH THIS CONTRACT OR ANY SUBJECT MATTER HEREOF.

**SCHEDULE E, EXHIBIT 1**  
**Support Services and Service Level Agreement for Hosted Services**

**1. Definitions.** For purposes of this **Exhibit 1** to **Schedule E**, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract or its associated respective Schedules.

“**Actual Uptime**” means the total minutes in the Service Period that the Hosted Services are Available.

“**Availability**” has the meaning set forth in **Section 3(a)**.

“**Availability Requirement**” has the meaning set forth in **Section 3(a)**.

“**Available**” has the meaning set forth in **Section 3(a)**.

“**Contractor Service Manager**” has the meaning set forth in **Section 2.1**.

“**Corrective Action Plan**” has the meaning set forth in **Section 4.3**.

“**Critical Service Error**” has the meaning set forth in **Section 4**.

“**Exceptions**” has the meaning set forth in **Section 3.2**.

“**Force Majeure Event**” has the meaning set forth in **Section 5.1**.

“**High Service Error**” has the meaning set forth in **Section 4**.

“**Hosted Services**” has the meaning set forth in **Schedule E**.

“**Low Service Error**” has the meaning set forth in **Section 4**.

“**Medium Service Error**” has the meaning set forth in **Section 4**.

“**Resolve**” has the meaning set forth in **Section 4.1(a)**.

“**Scheduled Downtime**” has the meaning set forth in **Section 3.3**.

“**Scheduled Uptime**” means the total minutes in the Service Period.

“**Service Availability Credits**” has the meaning set forth in **Section 3.6(a)**.

“**Service Level Credits**” has the meaning set forth in **Section 4.2**.

“**Service Level Failure**” means a failure to perform the Software Support Services fully in compliance with the Support Service Level Requirements.

“**Service Period**” has the meaning set forth in **Section 3(a)**.

“**Software**” has the meaning set forth in the Contract.

“**Software Support Services**” has the meaning set forth in **Section 4.1**.

“**State Service Manager**” has the meaning set forth in **Section 2.2**.

“**State Systems**” means the information technology infrastructure, including the computers, software, databases, electronic systems (including database management systems) and networks, of the State or any of its designees.

“**Support Request**” has the meaning set forth in **Section 4**.

“**Support Service Level Requirements**” has the meaning set forth in **Section 4**.

“**Term**” has the meaning set forth in the Contract.

“**Transaction Processing Services**” has the meaning set forth in **Section 3.(a)** below.

## 2. Personnel

2.1 Contractor Personnel for the Hosted Services. Contractor will appoint a Contractor employee to serve as a primary contact with respect to the Services who will have the authority to act on behalf of Contractor in matters pertaining to the receipt and processing of Support Requests and the Software Support Services (the “**Contractor Service Manager**”). The **Contractor Service Manager** will be considered Key Personnel under the Contract.

2.2 State Service Manager for the Hosted Services. The State will appoint and, in its reasonable discretion, replace, a State employee to serve as the primary contact with respect to the Services who will have the authority to act on behalf of the State in matters pertaining to the Software Support Services, including the submission and processing of Support Requests (the “**State Service Manager**”).

## 3. EBT Central Computer Service Availability and Service Availability Credits.

(a) Availability Requirement. Contractor will make the EBT Central Computer transaction processing services (“**Transaction Processing Services**”) Available, as measured over the course of each calendar month during the Term and any additional periods during which Contractor does or is required to perform any Transaction Processing Services (each such calendar month, a “**Service Period**”), at least 99.98% of the time, excluding only the time the Transaction Processing Services are not Available solely as a result of one or more Exceptions (the “**Availability Requirement**”). “**Available**” means the Transaction Processing Services are available and operable for access and use by the State and its Authorized Users over the Internet in material conformity with the Contract. “**Availability**” has a correlative meaning. The Transaction Processing Services are not considered Available in the event of a material performance degradation or inoperability of the Transaction Processing Services, in whole or in part. The Availability Requirement will be calculated for the Service Period as follows:  $(\text{Actual Uptime} - \text{Total Minutes in Service Period Transaction Processing Services are not Available Due to an Exception}) \div (\text{Scheduled Uptime} - \text{Total Minutes in Service Period Transaction Processing Services are not Available Due to an Exception}) \times 100 = \text{Availability}$ .

3.2 Exceptions. No period of Transaction Processing Service degradation or inoperability will be included in calculating Availability to the extent that such downtime or degradation is due to any of the following ("**Exceptions**"):

(a) failures of the State's or its Authorized Users' internet connectivity;

(b) Scheduled Downtime as set forth in **Section 3.3**.

(c) Other issues not in the reasonable control of Contractor, provided the Contractor is compliant with terms of the Contract.

3.3 Scheduled Downtime. Contractor must notify the State at least twenty-four (24) hours in advance of all scheduled outages of the Transaction Processing Services in whole or in part ("**Scheduled Downtime**"). All such scheduled outages will: (a) last no longer than five (5) hours; (b) be scheduled between the hours of 12:00 a.m. and 5:00 a.m., Eastern Time; and (c) occur no more frequently than once per week; provided that Contractor may request the State to approve extensions of Scheduled Downtime above five (5) hours, and such approval by the State may not be unreasonably withheld or delayed.

3.4 Software Response Time. Software response time, defined as the interval from the time the end user sends a transaction to the time a visual confirmation of transaction completion is received, must be less than two (2) seconds for 98% of all transactions. Unacceptable response times shall be considered to make the Software unavailable and will count against the Availability Requirement.

3.5 Service Availability Reports. Within thirty (30) days after the end of each Service Period, Contractor will provide to the State a report describing the Availability and other performance of the Transaction Processing Services during that calendar month as compared to the Availability Requirement. The report must be in electronic or such other form as the State may approve in writing and shall include, at a minimum: (a) the actual performance of the Transaction Processing Services relative to the Availability Requirement; and (b) if Transaction Processing Service performance has failed in any respect to meet or exceed the Availability Requirement during the reporting period, a description in sufficient detail to inform the State of the cause of such failure and the corrective actions the Contractor has taken and will take to ensure that the Availability Requirement are fully met.

3.6 Remedies for Service Availability Failures.

(a) If the Availability of the Transaction Processing Services is less than the Availability Requirement for any Service Period, such failure will constitute a Service Error for which Contractor will issue to the State the following credits on the fees payable for Transaction Processing Services provided during the Service Period ("**Service Availability Credits**"):

<b>Availability</b>	<b>Credit of Fees</b>
≥99.98%	None
<99.98% but ≥99.0%	10%
<99.0% but ≥95.0%	20%
<95.0% but ≥90.0%	30%
<90.0% but ≥85.0%	40%
<85% but > 50%	75%

50% or less	100%
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(b) Any Service Availability Credits due under this **Section 3.6** will be applied in accordance with payment terms of the Contract.

(c) If the actual Availability of the Transaction Processing Services is less than the Availability Requirement in any two (2) of four (4) consecutive Service Periods, then, in addition to all other remedies available to the State, the State may terminate the Contract on written notice to Contractor with no liability, obligation or penalty to the State by reason of such termination.

**3.7 Service Monitoring and Management.** Contractor will continuously monitor and manage the Transaction Processing Services to optimize Availability that meets or exceeds the Availability Requirement. Such monitoring and management includes:

(a) proactively monitoring on a twenty-four (24) hour by seven (7) day basis all Transaction Processing Service functions, servers, firewall and other components of Transaction Processing Service security;

(b) if such monitoring identifies, or Contractor otherwise becomes aware of, any circumstance that is reasonably likely to threaten the Availability of the Transaction Processing Service, taking all necessary and reasonable remedial measures to promptly eliminate such threat and ensure full Availability; and

(c) if Contractor receives knowledge that the Transaction Processing Service or any Transaction Processing Service function or component is not Available (including by written notice from the State pursuant to the procedures set forth herein):

(i) confirming (or disconfirming) the outage by a direct check of the associated facility or facilities;

(ii) if Contractor's facility check in accordance with clause (i) above confirms a Transaction Processing Service outage in whole or in part: (A) notifying the State in writing pursuant to the procedures set forth herein that an outage has occurred, providing such details as may be available, including a Contractor trouble ticket number, if appropriate, and time of outage; and (B) working all problems causing and caused by the outage until they are Resolved as Critical Service Errors in accordance with the Support Request Classification set forth in **Section 4**, or, if determined to be an internet provider problem, open a trouble ticket with the internet provider; and

(iii) notifying the State that Contractor has fully corrected the outage and any related problems, along with any pertinent findings or action taken to close the trouble ticket.

**4. Support Service Level Requirements.** Contractor will correct all Service Errors and respond to and Resolve all Support Requests in accordance with the required times and other terms and conditions set forth in this **Section 4** ("**Support Service Level Requirements**"), and the Contract.

4.1 Support Requests. The State will classify its requests for Service Error corrections in accordance with the descriptions set forth in the chart below (each a “**Support Request**”). The State Service Manager will notify Contractor of Support Requests by email, telephone or such other means as the parties may hereafter agree to in writing.

<b>Support Request Classification</b>	<b>Description: Any Service Error Comprising or Causing any of the Following Events or Effects</b>
Critical Service Error	<ul style="list-style-type: none"> <li>• Issue affecting entire system or single critical production function;</li> <li>• System down or operating in materially degraded state;</li> <li>• Data integrity at risk;</li> <li>• Declared a Critical Support Request by the State; or</li> <li>• Widespread access interruptions.</li> </ul>
High Service Error	<ul style="list-style-type: none"> <li>• Primary component failure that materially impairs its performance; or</li> <li>• Data entry or access is materially impaired on a limited basis.</li> </ul>
Medium Service Error	<ul style="list-style-type: none"> <li>• Hosted Service is operating with minor issues that can be addressed with an acceptable (as determined by the State) temporary work around.</li> </ul>
Low Service Error	<ul style="list-style-type: none"> <li>• Request for assistance, information, or services that are routine in nature.</li> </ul>

(a) Response and Resolution Time Service Levels. Response and Resolution times will be measured from the time Contractor receives a Support Request until the respective times Contractor has (i) responded to, in the case of response time and (ii) Resolved such Support Request, in the case of Resolution time. “**Resolve**” (including “**Resolved**”, “**Resolution**” and correlative capitalized terms) means that, as to any Service Error, Contractor has provided the State the corresponding Service Error correction and the State has confirmed such correction and its acceptance thereof. Contractor will respond to and Resolve all Service Errors within the following times based on the severity of the Service Error:

<b>Support Request Classification</b>	<b>Service Level Metric (Required Response Time)</b>	<b>Service Level Metric (Required Resolution Time)</b>	<b>Service Level Credits (For Failure to Respond to any Support Request Within the Corresponding Response Time)</b>	<b>Service Level Credits (For Failure to Resolve any Support Request Within the Corresponding Required Resolution Time)</b>
Critical Service Error	One (1) hour	Three (3) hours	Five percent (5%) of the Fees for the month in which the initial Service Level	Five percent (5%) of the Fees for the month in which the initial Service Level

			Failure begins and five percent (5%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Failure begins and five percent (5%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
High Service Error	One (1) hour	Four (4) hours	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for each additional hour or portion thereof that the corresponding Service Error is not responded to within the required response time.	Three percent (3%) of the Fees for the month in which the initial Service Level Failure begins and three percent (3%) of such monthly Fees for the first additional hour or portion thereof that the corresponding Service Error remains un-Resolved, which amount will thereafter double for each additional one-hour increment.
Medium Service Error	Three (3) hours	Two (2) Business Days	N/A	N/A
Low Service Error	Three (3) hours	Five (5) Business Days	N/A	N/A

(b) Escalation. With respect to any Critical Service Error Support Request, until such Support Request is Resolved, Contractor will escalate that Support Request within sixty (60) minutes of the receipt of such Support Request by the appropriate Contractor support personnel, including, as applicable, the Contractor Service Manager and Contractor's management or engineering personnel, as appropriate.

4.2 Support Service Level Credits. Failure to achieve any of the Support Service Level Requirements for Critical and High Service Errors will constitute a Service Level Failure for which Contractor will issue to the State the corresponding service credits set forth in **Section 4.1(a) ("Service Level Credits")** in accordance with payment terms set forth in the Contract.

4.3 Corrective Action Plan. If two or more Critical Service Errors occur in any thirty (30) day period during (a) the Term or (b) any additional periods during which Contractor does or is required to perform any Hosted Services, Contractor will promptly investigate the root causes of these Service Errors and provide to the State within five (5) Business Days of its receipt of notice of the second such Support Request an analysis of such root causes and a proposed written corrective action plan for the State's review, comment and approval, which, subject to and upon the State's written approval, shall be a part of, and by this reference is incorporated in, the Contract as the parties' corrective action plan (the "**Corrective Action Plan**"). The Corrective Action Plan must include, at a minimum: (a) Contractor's commitment to the State to devote the appropriate time, skilled personnel, systems support and equipment and other resources necessary to Resolve and prevent any further occurrences of the Service Errors

giving rise to such Support Requests; (b) a strategy for developing any programming, software updates, fixes, patches, etc. necessary to remedy, and prevent any further occurrences of, such Service Errors; and (c) time frames for implementing the Corrective Action Plan. There will be no additional charge for Contractor's preparation or implementation of the Corrective Action Plan in the time frames and manner set forth therein.

## 5. Force Majeure.

5.1 Force Majeure Events. Subject to **Section 5.3**, neither party will be liable or responsible to the other party, or be deemed to have defaulted under or breached the Contract, for any failure or delay in fulfilling or performing any term hereof, when and to the extent such failure or delay is caused by: acts of God, flood, fire or explosion, war, terrorism, invasion, riot or other civil unrest, embargoes or blockades in effect on or after the date of the Contract, national or regional emergency, or any passage of law or governmental order, rule, regulation or direction, or any action taken by a governmental or public authority, including imposing an embargo, export or import restriction, quota or other restriction or prohibition (each of the foregoing, a "**Force Majeure Event**"), in each case provided that: (a) such event is outside the reasonable control of the affected party; (b) the affected party gives prompt written notice to the other party, stating the period of time the occurrence is expected to continue; (c) the affected party uses diligent efforts to end the failure or delay and minimize the effects of such Force Majeure Event.

5.2 State Performance; Termination. In the event of a Force Majeure Event affecting Contractor's performance under the Contract, the State may suspend its performance hereunder until such time as Contractor resumes performance. The State may terminate the Contract by written notice to Contractor if a Force Majeure Event affecting Contractor's performance hereunder continues substantially uninterrupted for a period of five (5) Business Days or more. Unless the State terminates the Contract pursuant to the preceding sentence, any date specifically designated for Contractor's performance under the Contract will automatically be extended for a period up to the duration of the Force Majeure Event.

5.3 Exclusions; Non-suspended Obligations. Notwithstanding the foregoing or any other provisions of the Contract or this Schedule:

- (a) in no event will any of the following be considered a Force Majeure Event:
  - (i) shutdowns, disruptions or malfunctions of Contractor Systems or any of Contractor's telecommunication or internet services other than as a result of general and widespread internet or telecommunications failures that are not limited to the Contractor Systems; or
  - (ii) the delay or failure of any Contractor Personnel to perform any obligation of Contractor hereunder unless such delay or failure to perform is itself by reason of a Force Majeure Event.

## SCHEDULE F Data Security Requirements

**1. Definitions.** For purposes of this Schedule, the following terms have the meanings set forth below. All initial capitalized terms in this Schedule that are not defined in this **Section 1** shall have the respective meanings given to them in the Contract.

“**Contractor Security Officer**” has the meaning set forth in **Section 2** of this Schedule.

“**Contractor Systems**” has the meaning set forth in **Section 5** of this Schedule.

“**FedRAMP**” means the Federal Risk and Authorization Management Program, which is a federally approved risk management program that provides a standardized approach for assessing and monitoring the security of cloud products and services.

“**FISMA**” means the Federal Information Security Modernization Act of 2014 (44 U.S.C. § 3551 et seq.).

“**Hosted Services**” means the hosting, management and operation of the computing hardware, ancillary equipment, Software, firmware, data, other services (including support services), and related resources for remote electronic access and use by the State and its Authorized Users, including any services and facilities related to disaster recovery obligations.

“**NIST**” means the National Institute of Standards and Technology.

“**PSP**” means the State’s IT Policies, Standards and Procedures located at:

[http://michigan.gov/dtmb/0,4568,7-150-56355\\_56579\\_56755---,00.html](http://michigan.gov/dtmb/0,4568,7-150-56355_56579_56755---,00.html)

“**PCI**” means the Payment Card Industry.

“**SSAE**” means Statement on Standards for Attestation Engagements.

**2.** Contractor will appoint a Contractor employee to respond to the State’s inquiries regarding the security of the Contractor Systems who has sufficient knowledge of the security of the Contractor Systems and the authority to act on behalf of Contractor in matters pertaining thereto (“**Contractor Security Officer**”). The Contractor Security Officer will be considered Key Personnel under the Contract.

**3. Protection of the State’s Confidential Information.** Throughout the Term and at all times in connection with its actual or required performance of the Services, Contractor will:

3.1. the Contractor must maintain an annual SSAE 18 SOC 2 Type 2 audit for the Hosted Services throughout the Term.

3.2. ensure that the Software and State Data is securely hosted, supported, administered, and accessed in a data center and backup data center that resides in the continental United States, and minimally meets Uptime Institute Tier 3 standards ([www.uptimeinstitute.com](http://www.uptimeinstitute.com)), or its equivalent;

3.3. maintain and enforce an information security program based on the NIST guidelines including safety and physical and technical security policies and procedures with respect to its Processing of the State’s Confidential Information that are consistent with NIST 800-53 Moderate and the requirements of the State’s data security policies as set forth in the Contract, and must at a minimum comply with FNS Handbook 901 version 4, and ISO 27001.

3.4. provide technical and organizational safeguards against accidental, unlawful or unauthorized access to or use, destruction, loss, alteration, disclosure, transfer, commingling or processing of such information that ensure a level of security appropriate to the risks presented by the processing of the State's Confidential Information and the nature of such Confidential Information, consistent with best industry practice and standards;

3.5. take all reasonable measures to:

- (a) secure and defend all locations, equipment, systems and other materials and facilities employed in connection with the Services against "hackers" and others who may seek, without authorization, to disrupt, damage, modify, access or otherwise use Contractor Systems or the information found therein; and
- (b) prevent (i) the State and its Authorized Users from having access to the data of other customers or such other customer's users of the Services; (ii) the State's Confidential Information from being commingled with or contaminated by the data of other customers or their users of the Services; and (iii) unauthorized access to any of the State's Confidential Information;

3.6. ensure that State Data is encrypted in transit and at rest using AES 256bit or higher encryption;

3.7. ensure that State Data is encrypted in transit and at rest using currently certified encryption modules in accordance with FIPS PUB 140-2 (as amended). *Security Requirements for Cryptographic Modules*;

3.8. ensure the Hosted Services support Identity Federation/Single Sign-on (SSO) capabilities using Security Assertion Markup Language (SAML) or comparable mechanisms;

3.9. ensure the Hosted Services have multi-factor authentication for privileged/administrative access; and

3.10. [provide reasonable assistance to assist](#) the State, at no additional cost, with development and completion of a system security plan using the State's automated governance, risk and compliance (GRC) platform.

**4. Unauthorized Access.** Contractor may not access, and shall not permit any access to, State systems, in whole or in part, whether through Contractor's Systems or otherwise, without the State's express prior written authorization. Such authorization may be revoked by the State in writing at any time in its sole discretion. Any access to State systems must be solely in accordance with the Contract and this Schedule, and in no case exceed the scope of the State's authorization pursuant to this **Section 5**. All State-authorized connectivity or attempted connectivity to State systems shall be only through the State's security gateways and firewalls and in compliance with the State's security policies set forth in the Contract as the same may be supplemented or amended by the State and provided to Contractor from time to time; provided that any increased obligations of Contractor shall be subject to the Change Request process.

**5. Contractor Systems.** Contractor will be solely responsible for the information technology infrastructure, including all computers, software, databases, electronic systems (including database management systems) and networks used by or for Contractor in connection with the Services ("**Contractor Systems**") and shall prevent unauthorized access to State systems through the Contractor Systems.

**6. Security Audits.** During the Term, Contractor will:

6.1. maintain complete and accurate records relating to its data protection practices, IT security controls, and the security logs of any of the State's Confidential Information, including any backup, disaster recovery or other policies, practices or procedures relating to the State's Confidential Information and any other information relevant to its compliance with this Schedule;

6.2. upon the State's request, make all such records, appropriate personnel and relevant materials as allowed in the Contractors Data Classification Policies, available during normal business hours for inspection and audit by the State or an independent data security expert that is reasonably acceptable to Contractor, provided that the State: (i) gives Contractor at least thirty (30) Calendar Days prior notice of any such audit; (ii) undertakes such audit no more than once per calendar year, except for mutually agreed upon good cause shown; and (iii) conducts or causes to be conducted such audit in a manner designed to minimize disruption of Contractor's normal business operations and that complies with the terms and conditions of all data confidentiality, ownership, privacy, security and restricted use provisions of the Contract. The State may, but is not obligated to, perform such security audits, which shall, at the State's option and request, include limited security tests, of any and all Contractor Systems used to provide the Services to the State, and their housing facilities and operating environments; and no more than once annually, Contractor will provide the State upon request the results of independent penetration testing obtained by Contractor pertaining to the applicable Contractor systems, limited to the following information: the vulnerability rating (e.g. Critical, High, etc.), and the number of vulnerabilities for each rating at that time. Notwithstanding the foregoing, Contractor does not allow or consent to any form of direct security testing initiated by its clients or on behalf of its clients (including the State), including but not limited to, vulnerability scanning, penetration testing, application code scanning, dynamic testing, installation of audit software, direct access to systems, or ethical hacking of Contractor systems, applications, databases, or networks, except as may otherwise be agreed by the Contractor's Chief Information Security Officer and/or designee, as evidenced in writing and signed by both Contractor and the State. Contractor will not acknowledge any results from any form of security testing that is not performed by Contractor.

6.3. if requested by the State, provide a copy of Contractor's SSAE 18 SOC 2 Type 2 audit report to the State within thirty (30) days after Contractor's receipt of such report. Any such audit reports will be recognized as Contractor's Confidential Information.

6.4. if requested by the State, provide a copy of Contractor's System Security Plan. The System Security Plan will be recognized as Contractor's Confidential Information.

**7. Nonexclusive Remedy for Security Breach.** Any failure of the Services to meet the material requirements of this Schedule with respect to the security of any State Data or other Confidential Information of the State, including any related backup, disaster recovery or other policies, practices or procedures, is a material breach of the Contract for which the State, at its option, may terminate the Contract immediately upon written notice to Contractor without any notice or cure period, and Contractor must promptly reimburse to the State any Fees prepaid by the State prorated to the date of such termination.

**8. Card Security.**

The Contractor is responsible for the security of cardholder data in its possession. The data may only be used to assist the State or for other uses specifically authorized by law. Cardholder data is considered State Data.

**Exhibit 1 to Schedule F  
Contractor's Disaster Recovery Plan**

This document is confidential and will not be published and is protected from being provided through a FOIA request.

**Attachment B  
MDHHS EBT Interface Record Layout**

**DEMOGRAPHIC FILES**

Demographic files supply basic data (non-financial) about a cardholder and are used to setup new clients, to change client or alternate demographic information, to request new cards, as well as numerous other functions. Note that to provide the means to link up demographic and benefit data in the most expeditious way, client demographic data must be sent prior to benefit data. Also, Primary Recipient records must be received and processed prior to alternate records, or alternate information will be rejected by the batch interface. Changes to Primary Recipient data must also be received and processed prior to the updated alternate record.

This layout represents the current system.

**DEMOGRAPHIC HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MICCUPDT" – Daily Demographics "MICCUPEX" – Daily Expedited Demographics (FUTURE USE) "MICONVER" – Conversion Demographics "MICCMAIL" – Mailing Demographics / Advance Notices "MICCDORM" – Monthly Dormant File "MICCREAC" – Reactivation Demographics "MICCEXP" – Expunged Demographics
3	11-18	Date	8	9	File date. CCYYMMDD Must match trailer.
4	19-26	Time	8	9	File time. HHMMSSSS Must match trailer.
5	27-32	Control Number	6	9	Incremented by 1 each time sent. Must match trailer.
6	33-34	State ID	2	X	"MI"
7	35-59	Reserved for State Pos 1-3 = batch num Pos 4-25 = spaces	25	X	Any purpose or spaces. Is not stored on the Contractor database.
8	60-292	Filler	233	X	
9	293-296	Reserved for Contractor Internal use.	4	X	Error code line description
10	297-300	Response Code	4	X	"0000" - no errors Must be initialized to '0000'

r - required field

o - optional field

Record length – 300 characters

Note: All batch transmissions are one logical file per physical file.

**DEMOGRAPHIC DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	5	6	9
1	1-2	Record Type	2	X	"DT"		r	r	r	r
2	3-4	Action Code	2	X	"01" – Primary Demographic Add/Replace "05" – Alternate Demographic Add/Replace "06" – Dormant Account Close "09" – Reactivate Account	Action codes indicate a complete overlay of the entire record.  Records are added if they do not already exist based on processing rules and the existence of a Primary Recipient record (if applicable).	r	r	r	r
3	5-19	State Unique ID (Case Number) (Recipient ID)	15	X	Left justified. Pos 1-9 – State Unique ID Pos 1 – Alpha Pos 2-8 – Case Number Pos 9 – Alpha Pos 10 – "X" for Protective Payee  (Pos 1 - 10 – Recipient ID Pos 11-15 – spaces)	MI must tie the Case Number to the Recipient ID to track client history. This field is used by Contractor as the State Unique ID. The two fields are used by Michigan internally; Recipient ID is sent to Contractor on the Benefit file.  Protective Payees are sent to Contractor as separate records with a '01' action code & same State Unique ID with 'X' in pos 10. This will keep Federal & State administered Cash separate.  (MI must tie Recipient ID to a case number to track client history. This field is used by Contractor as the State Unique ID. The two fields are used by Michigan internally; Recipient ID is sent to Contractor on the Benefit file.)  Maximum length = 15.	r	r	r	r
4	20-21	Primary/Alternate Indicator	2	X	"01" – Primary Recipient/ Protective Payee "02" – Authorized Rep (FS) "03" – Authorized Rep (CASH)		r	r	o	o

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	5	6	9
5	22-22	Cardholder Access	1	X	"1" - Food Assistance "2" - Cash "3" - Both "0" - No Access (will NOT trigger auto replacement)	If cardholder access of "0" is sent, the existing card will be statused "09" (by the system through the batch interface).	r	r	o	o
6	23-23	Account Close/ Reactivate Flag	1	9	"1" - Food Assistance "2" - Cash (" " - Space)	To communicate FS or CA account type for dormant account closures/ reactivations. This separate field is used to ensure a second layer of verification for MI.	o	o	r	r
7	24-32	Social Security Number	9	9	SSN or zeros (Zeros followed by last four digits of SSN - 00000####)	Will always be populated with PR data (if it exists).	o	o	o	o
8	33-42	Phone Number	10	9	Reserved for future use - No validation. Data = zeros.	Michigan does not maintain this data internally, and will not supply this information.	o	o	o	o
9	43-62	First Name	20	X	Reserved for future use - No validation. Data = spaces.	No data is sent in this field. Maximum length = 20.	o	o	o	o
10	63-63	Middle Initial	1	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.	o	o	o	o
11	64-93	Last Name	30	X	Michigan to populate "Last, First" or "Last First"	Michigan has a 45 character free form text field which holds last, first or last first. All name data is sent in this field. Contractor will store the data on the Contractor system as it is received. the Contractor system will remove any commas from between the last & first names before sending the data to the card vendor. Card Spec length = 30. Maximum length = 30.	r	r	o	o
12	e	Surname	2	X		Grantee/recipient Surname (when present)	r	r	o	o
	96-123	Unused	28		Unused	Unused				

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	5	6	9
13	124-153	Mail Address-Line 1	30	X		C/O address, blanks, or a partial mail address. Lines 1,2 are used for mailing only. For homeless, this is the Service Site address. For AR's, this is the Primary's address. If there is no Mail Address-Line 1, Mail Address-Line 2 becomes line 1 on screens, mailers, etc. Card spec length= 30. Maximum length = 30.	o	o	o	o
14	154-183	Mail Address-Line 2	30	X		If there are two address lines, the mail address is here. For homeless, this is the Service Site address. For AR's, this is the Primary's address. Card spec can handle 5 total address lines: Message A-D can be combined. Card spec length= 30. Maximum length = 30.	r	r	o	o
15	184-208	City	25	X		Card spec max length for (city + state + zip) = 35, card producer can truncate the city field. Pos 25 Built in for Michigan BRIDGES	r	r	o	o
16	209-210	State	2	X			r	r	o	o
17	211-219	Zip	9	9	Pos 1-5 - 5-digit zip Pos 6-9 - zip qualifier or zeroes		r	r	o	o
18	220-224	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)		r	r	o	o

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	5	6	9
19	225-232	Grantee's Date of Birth	8	9	CCYYMMDD	DOB is required for ARU card activation and for CSR manual data validation, zeros for DOB cannot be used. Always populate with PR DOB. PR DOB = AR DOB = PP DOB PP will have to know PR DOB. DOB not stored by MI for Authorized Reps.	r	r	o	o
20	233-233	Card/PIN Issuance Code	1	X	"1" – Issue Card/PIN "9" - Don't Issue Card (Original or Replacement)	Replacement functionality is built in for future use. If Michigan issues a card via batch file, and a card exists, and there is no CARDU record, the existing card is stasured '09'/stasured through the batch.	r	r	o	o
21	234-234	Drop Ship Indicator	1	X	Mail to Cardholder - N Drop Ship - Y	This is currently in use	r	r	o	o
22	235-235	Language Indicator	1	X	Reserved for Future use Value = spaces	Michigan does not maintain this on their dbase. Contractor will send mailers in 3 languages. Contractor will set a default value of "1" for English to populate screens.	o	o	o	o
23	236-236	Restaurant Access Indicator	1	X	No Access – N Access On – Y	Michigan will supply the list of FNS certified Restaurants to include in the table coded by Contractor for authorized use of EBT Food Assistance benefits.	r	r	o	o
24	237-261	Reserved for State	25	X	Value = spaces (Pos 1 = 0 Pos 2-10 = case num Pos 11-13 = batch number Pos 14-25 = spaces	This information is pass back only. It does not get stored on the Contractor dbase.	o	o	o	o
25	262-292	Filler	31	X						

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	5	6	9
26	293-296	Reserved for Citibank (Contractor)	4	X	Error code line description					
27	297-300	Response Code	4	X	"0000"-no errors Must be initialized to '0000'		r	r	r	r

r - required field  
o - optional field  
Record length – 300 characters

**DEMOGRAPHIC TRAILER RECORD**

Field #	Positions	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9 (X	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-38	Total Detail Records	6	9	
7	39-63	Reserved for State (Pos 1-3 = batch number 4-25 = spaces	25	X	(Batch number is Julian date
8	64-292	Filler	229	X	
9	293-296	Reserved for CONTRACTOR	4	X	Error code line description
10	297-300	Response Code	4	X	"0000"-no errors Must be initialized to '0000'

Record length - 300 characters

**Benefit File**

Michigan will generate and transmit benefit files every Monday through Saturday. The detail records within the file are used to pass benefit authorization information including type of benefit, amount of benefit, and effective date of the benefit to the EBT system. Food Assistance (SNAP) benefit files will contain a different transaction type than Cash Benefit files for the purpose of directing the response file generated by EBT back to a different dataset name on the State's host. Processing rules for benefit files are:

- 1) If the availability date of the benefit has not been reached, the record is moved into the Benefit Pending file.
- 2) If the availability date has been reached and an account exists for the Client Case Number the benefit is posted to the account.
- 3) If the availability date has been reached, but an account has not been established on the EBT database for the Client Case Number contained in the input record, the Demographic Pending file will be checked for a match. If a match is found, the records for both Primary and any Authorized Representative for that Client Case Number are processed out of the Demographic

Pending file and the account structure is created on the EBT database. The benefit is then posted to the account.

- 4) If the availability date has been reached, but an account has not been established on the EBT database and no match is found in the Demographic Pending file, the benefit record is moved into the Benefit Pending file.

The Benefit Pending file will be swept once every calendar day at midnight, whether or not a Benefit file has been received from the State to ensure that benefits are posted to accounts when their effective date has been reached.

**BENEFIT HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MIFSBEUP" – Daily FS Benefit File "MIFSBEMO" – Monthly FS Benefit "MICSBEUP" – Daily Cash Benefit File "MICSBEMO" – Monthly Cash Benefit File
3	11-18	Date	8	9	File date. CCYYMMDD Must match trailer.
4	19-26	Time	8	9	File time. HHMMSSSS Must match trailer.
5	27-32	Control Number	6	9	Incremented by 1 each time sent Must match trailer.
6	33-34	State ID	2	X	"MI"
7	35-49	Reserved for State (Pos 1-3 = batch number Pos4-15 spaces	15	X	(Batch number is Julian date)
8	50-58	Profile Number	9	9	260010001 - SNAP 260020001 - Cash
9	59-122	Filler	64	X	
10	123-126	Reserved for Contractor	4	X	Error code line description.
11	127-140	Response Code	14	X	"0000" - no errors Must be initialized to '0000'.

Record length - 140 characters

**BENEFIT DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	2	3
1	1-2	Record Type	2	X	"DT"		r	r	r

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	2	3
2	3-4	Action Code	2	X	"01"-Update "02"-Pending Void "03"-Batch Unpost/Repayment	Pending Void – Michigan can delete benefits at the benefit level from pending. Batch Repayment – Michigan can delete benefits at the account level from client accounts. This will not guarantee unposting a specific benefit grant. Debits are tied to a benefit grant/benefit type.	r	r	r
3	5-10	Benefit Type	6	X	See chart below.		r	r	r
4	11-12	Credit/Debit Indicator	2	X	"CR"-action code "01" "DB"-action code "02", "03"		r	r	r
5	13-27	State Unique ID (Recipient ID)	15	X	Left justified. Pos 1-9 – State Unique ID <ul style="list-style-type: none"> <li>• Pos 1 – Alpha</li> <li>• Pos 2-8 – Case Number</li> <li>• Pos 9 – Alpha</li> </ul> Pos 10 – "X" for Protective Payee  (Left justified. Pos 1-15 – State Unique ID Pos 1 – 10 = Recipient Id Pos 11-15 = spaces  Recipient Id is padded with zeros to in the front.)	Michigan must tie the Case Number to the Recipient ID to track client history. This field is used by Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to Contractor on the Benefit file.  Protective Payees are sent to Contractor as separate records with a '01' action code & same State Unique ID with 'X' in pos 10. This will keep Federal & State administered Cash separate.	r	r	r
6	28-34	Benefit Amount	7	9(5)V 99			r	r	r
7	35-42	Available Date	8	9	CCYYMMDD	May be current date, future date, or date in the past.	r	o	o
8	43-48	Benefit Period Date	6	9	CCYYMM (Month of Benefit Payment)	MI will send multiple benefits (Food Assistance & cash) (SNAP & cash) per month with unique EBT Authorization Numbers.	r	o	o

Field #	Position	Description	Length	Type	Data	Notes/Action Codes:	1	2	3
9	49-64	EBT Authorization Number	16	X	Left Justified Pos 1 - 'F' for Food Assistance - 'C' for Cash Pos 2-9 - EBT Authorization Number Pos 10-16	EBT Authorization Number is incremented by 1 for each new authorization number. *Michigan will "send" only a 16-position field. Contractor will "return" a 20-position field in the AA file (for EBT Food Assistance conversion cashout suffixes, etc...)	r	r	r
10	65-74	Recipient ID (Case Number)	10	X	Left Justified. Michigan 2 <sup>nd</sup> State ID  (Pos 1-9 = Case Number Pos 10 - space)	MI must tie the Case Number to the Recipient ID to track client history. The State Unique ID field along with this one is used by Michigan internally, the Case Number is on the Demographic file. This information is stored and populated on the account activity file and the pending/unlinked benefits file.	r	r	r
11	75-79	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)		r	r	r
12	80-94	Reserved for State	15	X	(Pos 1-3 - batch number Pos 4-8 - spaces Pos 9-11 - batch number Pos 12-15 - spaces)		o	o	o
13	95-132	Filler	38	X					
14	133-136	Reserved for Citibank (Contractor)	4	X	Error code line description.				
15	137-140	Response Code	4	X	"0000"-no errors Must be initialized to '0000'.		r	r	r

r - required field  
o - optional field  
n - not valid for this transaction  
Record length = 140 characters

**BENEFIT TYPES LISTED BY ORDER OF DRAW  
(PRIMARY PROGRAM DESIGNATION MATRIX)**

Class	Benefit Type	Funding Source (Federal/State)	Description	Primary Program Designation (Cash)
FS	FS	Federal	Food Assistance	
CA	#UNACS	State	Unapplied Cash	1
CA	#CBFC	State	EBT Food Assistance Conversion Cashout (Contractor generated, returned on the AA file.) (EBT SNAP Conversion Cashout (CONTRACTOR generated, returned on the AA file.) There is an option for a \$1 LIHEAP cash payment.	2
CA	LIEAP	Federal	Low Income Energy Assistance Program	3
CA	TANF	State	FIP – TANF	4
CA	REF	State	Refugee Assistance	5
CA	REP	State	Repatriate Assistance	6
CA	TNFMOE	State	State TANF	7
CA	StFIP	State	FIP - State	8
CA	SDA	State	State Disability Assistance	9

**BENEFIT TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-38	Credit Count	6	9	Total Credit Detail Records
7	39-44	Debit Count	6	9	Total Debit Detail Records
8	45-54	Credit Amount	10	9(8)V99	Total Dollars All Credit Records
9	55-64	Debit Amount	10	9(8)V99	Total Dollars All Debit Records
10	65-70	Total Detail Records	6	9	
11	71-85	Reserved for State	15	X	
12	86-132	Filler	47	X	
13	133-136	Reserved for Contractor	4	X	
14	137-140	Response Code	4	X	"0000"-no errors Should be initialized to '0000'

Record length = 140 characters

**ACCOUNT ACTIVITY FILE**

Every calendar day, EBT will transmit a daily Account Activity file to Michigan containing the details of all financial transactions, denials, and balance inquiries that occurred during the previous day's alog/business processing day. This provides the State the means of developing one-time custom reports and ongoing EBT reports as needed.

1. The Account Activity file is produced based on the following criteria:
2. Account Activity file data originates from the daily alog/business cycle activity data. (The AA file can be reconciled directly to the daily State Issuer Totals Report/Screen). The Account Activity file is produced at the benefit grant/EBT Benefit Authorization level. (One transaction spanning multiple grants is displayed as multiple records, one for each benefit grant impacted by the transaction.)
3. The Account Activity file is comprised of all transactions, accepted and rejected (all transactions, monetary and non-monetary).
4. Transactions spanning multiple benefit grants/EBT Benefit Authorizations will have multiple records appearing consecutively on the AA file.

**ACCOUNT ACTIVITY HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MIACTVTY"
3	11-18	Date	8	9	CCYYMMDD
4	19-26	Time	8	9	HHMMSSSS
5	27-32	Control Number	6	9	Incremented by 1 each time sent.
6	33-34	State ID	2	X	"MI"
7	35-248	Filler	214	X	

Record length = 248 characters

**ACCOUNT ACTIVITY DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes
1	1-2	Record Type	2	X	"DT"	
	3-17	State Unique ID (Recipient ID)	15	X	Left justified. Pos 1-9 – State Unique ID <ul style="list-style-type: none"> <li>• Pos 1 – Alpha</li> <li>• Pos 2-8 – Case Number</li> <li>• Pos 9 – Alpha</li> </ul> Pos 10 – "X" for Protective Payee (Left justified. Pos 1-10 – Recipient ID Pos 11-15 - spaces)	MI must tie the Case Number to the Recipient ID to track client history. This field is used by Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to Contractor on the Benefit file. Protective Payees are sent to Contractor as separate records with a '01' action code & same State Unique ID with 'X' in pos 10. This will keep Federal & State Administered Cash separate
3	18-29	EBT Account Number	12	9	EBT SNAP or Cash account number.	
4	30-45	Card Number	16	X	Left justified.	
5	46-47	Primary/Alternate Indicator	2	X	"01" – Primary Recipient/Protective Payee "02" – Authorized Rep (FS) "03" – Authorized Rep (CASH)	
6	48-50	Transaction Type	3	X	See table below (Account Activity Transaction Types)	
7	51-58	Transaction Date	8	9	CCYYMMDD	
8	59-66	Transaction Time	8	9	HHMMSSSS	
9	67-68	Transaction Response Code	2	X	Contractor Authorizer codes. See Table below. (Account Activity Transaction Types)	
10	69-70	Reversal Reason Code	2	X	TPP Reversal Reason Codes. State to settle only to code "00".	
11	71-76	Benefit Type	6	X	See benefit types in Benefit File Detail Record.	
12	77-78	Credit/Debit Indicator	2	X	"CR" - Credit, "DB" - Debit	

Field #	Position	Description	Length	Type	Data	Notes
13	79-85	Requested Amount	7	9(5)V9 9	For a POS/ATM transaction: amount requested from the switch. Does not include surcharges or fees.	
14	86-92	Completed Amount	7	9(5)V9 9	For a POS/ATM transaction: amount processed/approved through the switch. Does not include surcharges or fees. Same as the Cardholder Detail Journal Screen.	
15	93-99	Cashback Amount	7	9(5)V9 9		
16	100-106	Account Balance	7	9(5)V9 9	Balance after the transaction. This is the same on all records Spanning multiple grants.	
17	107-110	Fees	4	9(2)V9 9	Contractually agreed upon fees between Contractor and the State.	
18	111-114	Surcharges	4	9(2)V9 9	Charged by the ATM owner. If permitted to charge a fee in the state, ATM owner may charge any amount.	
19	115-121	Applied Amount	7	9(5)V9 9	Amount of completed transaction plus surcharges & fees reduced from the client account as applied to a specific benefit grant. Located on the Cardholder Transaction Detail screen. (Note: fees and surcharges cannot be identified as applied to a specific benefit grant.)	
20	122-126	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)	This is fed from the cardholder record.
21	127-133	FNS Number	7	X	ISO 8583 ISO Specification: Must be supplied for every Food Assistance (SNAP) transaction.	
22	134-148	POS/ATM ID	15	X	POS/ATM ID is considered the Cash ID. It reflects the true, POS/ATM terminal ID where the transaction occurred. This is an ISO 8583 required field, and is validated by the TPP, not Contractor.	

Field #	Position	Description	Length	Type	Data	Notes
23	149-168	EBT Authorization Number	20	X	Left Justified Pos 1 - 'F' for Food Assistance - 'C' for Cash Pos 2-9 - EBT Authorization Number Pos 10-16 – State data Pos 17-20 – Reserved for Contractor	EBT Authorization Number is incremented by 1 for each new authorization number. Michigan will “send” only a 16-position field. Contractor will “return” a 20-position field in the AA file. EBT Food Assistance coupon conversion cashouts will return “CBFC” in pos 17-20. Multiple records may be generated, 1 for each debit to the Food Assistance (SNAP) account, and 1 for each credit to the cash account)
24	169-174	Benefit Month	6	9	CCYYMM	MI will send multiple benefits per month for SNAPs & cash with unique EBT Authorization Numbers.
25	175-182	Switch Date	8	9	CCYYMMDD (Switch Cutoff/ Payment Cycle, Origination Date/Settle Date to Retailers)	For EDS, this is 6 pm to 6pm EST daily. Date reflects the settlement of transactions back to the retailer for a given Switch Date/Payment Cycle. Switch date data can be mapped back to the Benefit Issuer Report/Screen. Switch Cutoff & Business Cutoff are never the same due to processing complexities.

Field #	Position	Description	Length	Type	Data	Notes
26	183-190	Business Date	8	9	CCYYMMDD (Business Cycle/Daily Alog Cutoff)	This date reflects Michigan's unique daily business processing cycle reflecting one day's alog file. An AA file is produced from each daily alog. The daily alog can be mapped to the daily State Issuer Report/Screen. Usually after the Switch Cutoff, determined by each state's processing.
27	191-191	Swiped or Keyed	1	X	'S' or 'K'	
28	192-201	Recipient ID (Case Number)	10	X	Left Justified. Michigan 2 <sup>nd</sup> State ID  Pos 1-9 - Case Number Pos 10 - Space	MI must tie the State Unique ID (Case Number ) (Recipient Id) to the Recipient ID (Case Number) to track client history. These are used by Michigan internally.
29	202-216	Reserved for State	15	X	Data sent from Michigan on the Benefit file and stored. (Pos 1-6 - Original batch number Pos 7-8 - spaces Pos 9-14 - Original batch number Pos 15 Space)	(Batch number of original Benefit Issuance request)
30	217-248	Filler	32	X		

Record length - 248 characters

**ACCOUNT ACTIVITY TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-34	State ID	2	X	Must match header
7	35-40	Total Detail Records	6	9	
8	41-248	Filler	208	X	

Record Length = 248 characters

**ACCOUNT ACTIVITY TRANSACTION TYPES (3 BYTE)**

Transaction	Description	Function
101 (N/A)	Emergency Benefit Add (Admin)	Authorize emergency benefits from an administrative terminal (non-settling).
102	Coupon Conversion	Debit Food Assistance account balance and issue food coupons (non-settling).
103	Account Adjustment (Admin - DB)	Debit to an account balance through an administrative terminal (settling).
104	Food Assistance (SNAP) Manual Authorization	Debit account based on Food Assistance (SNAP) manual authorization. Hold funds (non-settling).
105	Repayment	Debit account based on repayment/recoupment (non-settling).
106 (N/A)	Card Replacement Fee	Fee for excessive card replacements (settling).
107	Coupon Cashout	Debit Food Assistance (SNAP) account balance and deposit Food Assistance (SNAP) balance into existing or newly created cash account (non-settling).
108	Account Adjustment (Admin – CR)	Credit to an account balance through an administrative terminal (settling).
201	Benefit Add (Batch)	Add funds to an account via the batch interface (non-settling).
202	Coupon Conversion Expungement	Expunge portion of account food Assistance (SNAP) balance that could not be directly converted to coupons (non-settling).
203	Dormant Expungement	Expunge account balance after no debit activity for 180 (cash) or 365 (Food Assistance) (SNAP) days (non-settling).

Transaction	Description	Function
204	Food Assistance (SNAP) Manual Authorization Release	Credit client account if merchant does not submit voucher within 30 days (non-settling). Michigan contract says 15 days, most states use 30. Michigan will tell merchants 15 days, but have Contractor set the parameter to 30.
207	Client ACH Adjustment (Direct Deposit)	Adjustment to remove funds from client account to pass to ACH (settling).
208	Debit (Repayment) via Batch	Debit transaction from State to correct erroneous benefit posting.
301	Food Assistance (SNAP) Purchase	Purchase food with Food Assistance (SNAP) benefits (settling).
302	Food Assistance (SNAP) Merchandise Return	Credit account when merchandise is returned (settling).
303 (N/A)	Account Adjustment (TPP)	Credit or debit an account balance through a TPP transaction (settling). This tran code is not used. A normal debit/credit is used for this.
304	Cash Withdrawal	Account cash withdrawal (ATM) (settling).
305	Purchase Transaction	Account cash purchase (POS) (settling).
306	Purchase with Cashback	Account cash purchase plus cash back (POS) (settling).
307	Cashback Only	Cash back (POS) (settling).
308 (N/A)	Pre-Authorization/Completion	Inquire against a client account for the purpose of pre-authorizing an account debit. (This is not done for EBT. An example is paying at the pump for gasoline, where the charge amount is pre-authorized by the pump).
309	Balance Inquiry	Account balance inquiry (non-settling).
310	Food Assistance (SNAP) Manual Authorization Debit	Follow up to manual authorization. Held funds debited to pay merchant (settling).
312 (N/A)	Void – We don't see, taken care at the Switch Level. Voids come through as Reversals.	Cancel a transaction from a POS device (settling).
411	Reversal/Cancellation (Food Assistance) (SNAP)	Reverse or cancel all or part of a transaction from a POS. (311 is no longer used) (settling)
412	Void – We don't see, taken care at the Switch Level. Voids come through as Reversals.	Cancel a transaction from a POS device (settling).

**AUTHORIZER TRANSACTION RESPONSE CODES (2 BYTE)**

<b>Error Code</b>	<b>Error</b>	<b>Description</b>	<b>Used by Contractor (Y/N)</b>
00	Transaction Approved	Transaction processed. Will be displayed on the Cardholder Detail Journal or Cardholder Transaction Detail Screens as blanks.	Y
04	Invalid FNS Number	FNS Number not valid.	Y
05	Invalid Merchant Number	Outdated, reflects when Contractor drove terminals.	N
07	Inactive Terminal	Outdated, reflects when Contractor drove terminals.	N
12	Inactive Transaction Code	Not used.	N
14	Invalid Amount	Transaction received with an invalid EDA number or the account is stasuted.	Y
15	Invalid Cash Request	Manual card entry for a cash purchase when it has been set to not allow that type of entry by the Profile Record.	Y
17	Maximum Amount Exceeded	Transaction amount exceeded Profile Record limit (DB or CR).	Y
31	Unknown Card Bank	ISO cannot be found in Profile File.	Y
41	Hot Card	Card stasuted to 4 or 33 thru 44.	Y
50	Pre-Authorization Transaction Detail	NSF on Pre-Authorization transaction type 5.	N
51	Insufficient Funds	NSF on normal transaction.	Y
52	Account Not On File	Database error, EDA on card not found in debit record.	Y
54 *	Expired Card	Card has reached its expiration date.	Y
55	Invalid PIN	Incorrect PIN.	Y
56	Card Not On File	Card number not found in Card Auth File.	Y
57	Transaction Not Permitted for Cardholder	Error code for unallowed purchase.	Y
58	Invalid Transaction	Manual auth clear	Y
62	Inactive Card	Card status is 0, 9 or 60 thru 99.	Y
63	Closed Card	Card status is 2, 11 or 22	Y
64	Card Status Inactive	Account sub status is not 1.	Y
75	PIN Tries Exceeded	Exceeded PIN retry count in Profile Record.	Y

Error Code	Error	Description	Used by Contractor (Y/N)
76	PIN Key Synchronization Error	Sanity failure returned from security device.	Y
77	Maximum PIN Tries Exceeded	Exceeded PIN reset count in Profile Record.	Y
79	Duplicate Reversal	A reversal was sent for a transaction that has already been reversed.	Y
80	Manual Authorization Expired	Manual hold expired before the clear was sent.	Y
81	No Manual Authorization Record	No record found for this clear.	Y
82	Amount Exceeds Hold	Manual hold clear was attempted for more than the hold amount	Y
91-95	Unable to Process Transaction		Y

**REVERSAL REASON CODES (2 BYTE)**

POS 1	DESCRIPTION	POS 2	DESCRIPTION
0	Not a reversal	0	Not a reversal
1	Card Acceptor originated reversal (terminal)	1	Unknown error
2	Acquirer originated reversal (tpp)	2	Terminal processor error (pos/atm)
3	Intermediate facility originated reversal (GW)	3	System time out (down/not responding fast enough)
4-9	Reserved for future use	4	Terminal error/misdispersement
		5	Terminal communication error
		6	Terminal error
		7	Late/unsolicited response
		8	Clerk initiated
		9	Unknown error

**Card status change FILE**

The Card Status Change file is provided on a calendar day basis. This file provides card status changes performed via the Card Status Maintenance Screen (RCSCSM) on a daily basis. This will enable Michigan to track Authorized Representative cards statused by a Primary Recipient. Eventually, this data will be used to alert the Michigan worker to make the appropriate changes to the Michigan BRIDGES

System.

**CARD STATUS CHANGE HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MICRDSTS"
3	11-18	Date	8	9	CCYYMMDD
4	19-26	Time	8	9	HHMMSSSS
5	27-32	Control Number	6	9	Incremented by 1 each time sent.
6	33-34	State ID	2	X	"MI"
7	35-152	Filler	118	X	

Record Length = 152 characters

**CARD STATUS CHANGE DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes
1	1-2	Record Type	2	X	"DT"	
2	3-18	Old Card Number	16	X	Left justified.	
3	19-34	New Card Number - TBD	16	X	Left justified.	Not always populated.
4	35-49	State Unique ID (Case Number)	15	X	Left justified. Pos 1-9 – State Unique ID Pos 1 – Alpha Pos 2-8 – Case Number Pos 9 – Alpha Pos 10 – "X" for Protective Payee (Pos 1-10 – Recipient ID Pos 11-15 – spaces)	MI must tie the Case Number to the Recipient ID to track client history. This field is used by Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to Contractor on the Benefit file. Protective Payees are sent to Contractor as separate records with a '01' action code & same State Unique ID with 'X' in pos 10. This will keep Federal & State Administered Cash separate.
5	50-69	First Name	20	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.
6	70-70	Middle Initial	1	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.

Field #	Position	Description	Length	Type	Data	Notes
7	71-100	Last Name	30	X	Michigan to populate "Last,First" or "Last First"	Michigan has a 45-character free form text field which holds last,first or last first. All name data is sent in this field. Contractor will remove any commas or special characters between the last & first names and will replace them with blanks prior to populating the field.
8	101-102	Primary/Alternate Indicator	2	X	"01" – Primary Recipient/ Protective Payee "02" – Authorized Rep (FS) "03" – Authorized Rep (CASH)	
9	103-103	Cardholder Access	1	X	"1" - Food Assistance (SNAP) "2" - Cash "3" - Both "0" - No Access (will NOT trigger auto replacement)	
10	104-115	EBT Account Number- Food Assistance (SNAP)	12	9		
11	116-127	EBT Account Number- Cash	12	9		
12	128-135	Date	8	9	CCYYMMDD	

Field #	Position	Description	Length	Type	Data	Notes
13	136-137	Card Status Indicator	2	9	Cards statused via the admin terminal: "01" –Activate "02" –Lost "03" –Damaged "04" – Stolen "05" –Compromised "06" –Used without authorization "07" –Stopped by Head of Household "08" –Other "09" –Statused (usually means via batch or by the system, in this case, would have to be done via terminal) "11" –Undeliverable (no auto-reissue) "22"–Lost (no auto-reissue) "33"–Damaged (no auto-reissue) "44"–Stolen (no auto-reissue) "55"–Primary Recipient Statusing an Auth Rep Card	
15	138-152	Filler	15	X	Pos 1 – "0" Pos 2-9 – Case Number.	

Record Length = 152 characters

**CARD STATUS CHANGE TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-34	State ID	2	X	must match header
7	35-40	Total Detail Records	6	9	
8	41-152	Filler	112	X	

Record Length = 152 characters

**Adjustment Activity File**

The Adjustment Activity File is generated daily by the Contractor EBT electronic system to enable the State to send client notifications or track adjustment activity for disputes that have been filed by the client or the retailer. This file is intended to provide information on key activities in the disputes process. The State receives the file through FTP.

**Adjustment Activity File Description**  
**Adjustment Activity File – Summary Table**

Item	File Data Title	File Data
1.	File Type	Adjustment Activity File
2.	File Names	See Individual file layouts
3.	System Source	Contractor EBT electronic system
4.	System Destination	State
5.	Data Description	Adjustment Activity against benefits on Contractor EBT electronic system database.
6.	Data Transfer Method	FTP
7.	Timing Requirements	See Individual file layouts
8.	File Format	Fixed

**DEMOGRAPHIC FILES**

Demographic files supply basic data (non-financial) about a cardholder and are used to setup new clients, to change client or alternate demographic information, to request new cards, as well as numerous other functions. Note that to provide the means to link up demographic and benefit data in the most expeditious way, client demographic data must be sent prior to benefit data. Also, Primary Recipient records must be received and processed prior to alternate records, or alternate information will be rejected by the batch interface. Changes to Primary Recipient data must also be received and processed prior to the updated alternate record.

This layout represents the current system.

**DEMOGRAPHIC HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MICCUPDT" – Daily Demographics "MICCUPEX" – Daily Expedited Demographics (FUTURE USE) "MICONVER" – Conversion Demographics "MICCMAIL" – Mailing Demographics / Advance Notices "MICCDORM" – Monthly Dormant File "MICCREAC" – Reactivation Demographics "MICCEXP" – Expunged Demographics

3	11-18	Date	8	9	File date. CCYYMMDD Must match trailer.
4	19-26	Time	8	9	File time. HHMMSSSS Must match trailer.
5	27-32	Control Number	6	9	Incremented by one each time sent. Must match trailer.
6	33-34	State ID	2	X	"MI"
7	35-59	Reserved for State Pos 1-3 = batch num Pos 4-25 = spaces	25	X	Any purpose or spaces. Is not stored on the EBT Contractor dbase.
8	60-292	Filler	233	X	
9	293-296	Reserved for EBT Contractor	4	X	Error code line description
10	297-300	Response Code	4	X	"0000" - no errors Must be initialized to '0000'

*r - required field*

*o - optional field*

*Record length – 300 characters*

*Note: All batch transmissions are one logical file per physical file.*

**DEMOGRAPHIC DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	5	6	9
1	1-2	Record Type	2	X	"DT"		r	r	r	r
2	3-4	Action Code	2	X	"01" – Primary Demographic Add/Replace "05" – Alternate Demographic Add/Replace "06" – Dormant Account Close "09" – Reactivate Account	Action codes indicate a complete overlay of the entire record. Records are added if they do not already exist based on processing rules and the existence of a Primary Recipient record (if applicable).	r	r	r	r
3	5-19	State Unique ID (Recipient ID)	15	X	Left justified.  Pos 1 - 10 – Recipient ID Pos 11-15 - spaces	MI must tie Recipient ID to a case number to track client history. This field is used by EBT Contractor as the State Unique ID. The two fields are used by Michigan internally; Recipient ID is sent to EBT Contractor on the Benefit file. Maximum length = 15.	r	r	r	r

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	5	6	9
4	20-21	Primary/Alternate Indicator	2	X	"01" – Primary Recipient/Protective Payee "02" – Authorized Rep (FS) "03" – Authorized Rep (CASH)		r	r	o	o
5	22-22	Cardholder Access	1	X	"1" - SNAPs "2" - Cash "3" - Both "0" - No Access (will NOT trigger auto replacement)	If cardholder access of "0" is sent, the existing card will be statused "09" (by the system through the batch interface).	r	r	o	o
6	23-23	Account Close/Reactivate Flag	1	9	"1" - SNAPs "2" – Cash " " - Space	To communicate FS or CA account type for dormant account closures/reactivations. Space when not a closure or reactivation This separate field is used to ensure a second layer of verification for MI.	o	o	r	r
7	24-32	Social Security Number	9	9	Zeros followed by last four digits of SSN – 00000####	Will always be populated with PR data (if it exists).	o	o	o	o
8	33-42	Phone Number	10	9	Reserved for future use- No validation. Data = zeros.	Michigan does not maintain this data internally, and will not supply this information.	o	o	o	o
9	43-62	First Name	20	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field. Maximum length = 20.	o	o	o	o
10	63-63	Middle Initial	1	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.	o	o	o	o
11	64-93	Last Name	30	X	Michigan to populate "Last,First" or "Last First"	Michigan has a 45 character free form text field which holds last,first or last first. All name data is sent in this field. EBT Contractor/Muscato will store the data on the EBT Contractor system as it is received. EBT Contractor will remove any commas from between the last & first names before sending the data to the card Contractor. Card Spec length = 30. Maximum length = 30.	r	r	o	o

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	5	6	9
12	94-123	Optional Name	30	X		<p>This may be used to serve as a c/o name in the future; will currently be used to store the Primary Recipient "last name, first name" or "last name first name" in this field, must be populated for PR, PP, &amp; AR.</p> <p>EBT Contractor/Muscato will store the data on the EBT Contractor system as it is received. EBT Contractor will remove any commas from between the last &amp; first names before sending the data to the card Contractor.</p> <p>No plans for this field to supercede the Last Name field.</p> <p>Card Spec length = 30. Maximum length = 30.</p>	r	r	o	o
13	124-153	Mail Address-Line 1	30	X		<p>C/O address, blanks, or a partial mail address. Lines 1,2 are used for mailing only.</p> <p>For homeless, this is the Service Site address.</p> <p>For AR's, this is the Primary's address.</p> <p>If there is no Mail Address-Line 1, Mail Address-Line 2 becomes line 1 on screens, mailers, etc.</p> <p>Card spec length= 30. Maximum length = 30.</p>	o	o	o	o
14	154-183	Mail Address-Line 2	30	X		<p>If there are two address lines, the mail address is here.</p> <p>For homeless, this is the Service Site address.</p> <p>For AR's, this is the Primary's address.</p> <p>Card spec can handle 5 total address lines: Message A-D can be combined.</p> <p>Card spec length= 30. Maximum length = 30.</p>	r	r	o	o

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	5	6	9
15	184-208	City	25	X		Card spec max length for (city + state + zip) = 35, card producer can truncate the city field. Pos 25 Built in for Michigan BRIDGES.	r	r	o	o
16	209-210	State	2	X			r	r	o	o
17	211-219	Zip	9	9	Pos 1-5 - 5 digit zip Pos 6-9 - zip qualifier or zeroes		r	r	o	o
18	220-224	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)		r	r	o	o
19	225-232	Grantee's Date of Birth	8	9	CCYYMMDD	DOB is required for ARU card activation and for CSR manual data validation, zeros for DOB cannot be used. Always populate with PR DOB. PR DOB = AR DOB = PP DOB PP will have to know PR DOB. DOB not stored by MI for Authorized Reps.	r	r	o	o
20	233-233	Card/PIN Issuance Code	1	X	"1" – Issue Card/PIN "9" - Don't Issue Card (Original or Replacement)	Replacement functionality is built in for future use. If Michigan issues a card via batch file, and a card exists, and there is no CARDU record, the existing card is stasured '09'/stasured through the batch.	r	r	o	o
21	234-234	Drop Ship Indicator	1	X	Mail to Cardholder - N Drop Ship - Y	This is currently in use.	r	r	o	o
22	235-235	Language Indicator	1	X	Reserved for Future use Value = spaces	Michigan does not maintain this on their dbase. EBT Contractor will send mailers in 3 languages. EBT Contractor will set a default value of "1" for English to populate screens.	o	o	o	o

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	5	6	9
23	236-236	Restaurant Access Indicator	1	X	No Access – N Access On – Y	Michigan will supply the list of FNS certified Restaurants to include in the table coded by EBT Contractor for authorized use of EBT SNAP benefits.	r	r	o	o
24	237-261	Reserved for State	25	X	Pos 1 = 0 Pos 2-10 = case num Pos 11-13 = batch number Pos 14-25 = spaces	This information is passed only. It does not get stored on the EBT Contractor dbase. Batch number is Julian date	o	o	o	o
25	262-292	Filler	31	X						
26	293-296	Reserved for Contractor	4	X	Error code line description					
27	297-300	Response Code	4	X	“0000”-no errors Must be initialized to ‘0000’		r	r	r	r

*r - required field*

*o - optional field*

*Record length – 300 characters*

**Benefit File**

Michigan will generate and transmit benefit files every Monday through Saturday. The detail records within the file are used to pass benefit authorization information including type of benefit, amount of benefit, and effective date of the benefit to the EBT system. SNAP benefit files will contain a different transaction type than Cash Benefit files for the purpose of directing the response file generated by EBT back to a different dataset name on the State’s host. Processing rules for benefit files are:

- 1) If the availability date of the benefit has not been reached, the record is moved into the Benefit Pending file.
- 2) If the availability date has been reached and an account exists for the Client Case Number the benefit is posted to the account.
- 3) If the availability date has been reached, but an account has not been established on the EBT database for the Client Case Number contained in the input record, the Demographic Pending file will be checked for a match. If a match is found, the records for both Primary and any Authorized Representative for that Client Case Number are processed out of the Demographic Pending file and the account structure is created on the EBT database. The benefit is then posted to the account.
- 4) If the availability date has been reached, but an account has not been established on the EBT database and no match is found in the Demographic Pending file, the benefit record is moved into the Benefit Pending file.

The Benefit Pending file will be swept once every calendar day at midnight, whether or not a Benefit file has been received from the State to ensure that benefits are posted to accounts when their effective date has been reached.

**BENEFIT HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MIFSBEUP" – Daily FS Benefit File "MIFSBEMO" – Monthly FS Benefit "MICSBEUP" – Daily Cash Benefit File "MICSBEMO" – Monthly Cash Benefit File
3	11-18	Date	8	9	File date. CCYYMMDD Must match trailer.
4	19-26	Time	8	9	File time. HHMMSSSS Must match trailer.
5	27-32	Control Number	6	9	Incremented by one each time sent Must match trailer.
6	33-34	State ID	2	X	"MI"
7	35-49	Reserved for State Pos 1-3 = batch number Pos4-15 spaces	15	X	Batch number is Julian date
8	50-58	Profile Number	9	9	260010001 - SNAPs 260020001 - Cash
9	59-122	Filler	64	X	
10	123-126	Reserved for EBT Contractor	4	X	Error code line description.
11	127-140	Response Code	14	X	"0000" - no errors Must be initialized to '0000'.

*Record length - 140 characters*

**BENEFIT DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	2	3
1	1-2	Record Type	2	X	"DT"		r	r	r
2	3-4	Action Code	2	X	"01"-Update "02"-Pending Void "03"-Batch Unpost/Repayment	Pending Void – Michigan can delete benefits at the benefit level from pending. Batch Repayment – Michigan can delete benefits at the account level from client accounts. This will not guarantee unposting a specific benefit grant. Debits are tied to a benefit grant/benefit type.	r	r	r
3	5-10	Benefit Type	6	X	See chart below.		r	r	r
4	11-12	Credit/Debit Indicator	2	X	"CR"-action code "01" "DB"-action code "02" , "03"		r	r	r

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	2	3
5	13-27	State Unique ID (Recipient ID)	15	X	Left justified. Pos 1-15 – State Unique ID Pos 1 – 10 = Recipient Id Pos 11-15 = spaces  Recipient Id is padded with zeros to in the front.	Michigan must tie the Recipient ID to a case number to track client history. This field is used by EBT Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to EBT Contractor on the Benefit file.	r	r	r
6	28-34	Benefit Amount	7	9(5)V 99			r	r	r
7	35-42	Available Date	8	9	CCYYMMDD	May be current date, future date, or date in the past.	r	o	o
8	43-48	Benefit Period Date	6	9	CCYYMM (Month of Benefit Payment)	MI will send multiple benefits (SNAPs & cash) per month with unique EBT Authorization Numbers.	r	o	o
9	49-64	EBT Authorization Number	16	X	Left Justified Pos 1 - 'F' for SNAP - 'C' for Cash Pos 2-9 - EBT Authorization Number Pos 10-16 spaces	EBT Authorization Number is incremented by 1 for each new authorization number.  *Michigan will "send" only a 16 position field. EBT Contractor will "return" a 20 position field in the AA file (for EBT SNAP conversion cashout suffixes, etc...)	r	r	r
10	65-74	Case Number	10	X	Left Justified. Michigan 2 <sup>nd</sup> State ID  Pos 1-9 = Case Number Pos 10 - space	MI must tie the Case Number to the Recipient ID to track client history. The State Unique ID field along with this one is used by Michigan internally; the Case Number is on the Demographic file.  This information is stored and populated on the account activity file and the pending/unlinked benefits file.	r	r	r
11	75-79	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)		r	r	r
12	80-94	Reserved for State	15	X	Pos 1-3 - batch number Pos 4-8 - spaces Pos 9-11 - batch number Pos 12-15 - spaces		o	o	o

Field #	Position	Description	Length	Type	Data	Notes Action Codes:	1	2	3
13	95-132	Filler	38	X					
14	133-136	Reserved for Contractor	4	X	Error code line description.				
15	137-140	Response Code	4	X	"0000"-no errors Must be initialized to '0000'.		r	r	r

r - required field  
o - optional field  
n - not valid for this transaction  
Record length = 140 characters

**BENEFIT TYPES LISTED BY ORDER OF DRAW  
(PRIMARY PROGRAM DESIGNATION MATRIX)**

Class	Benefit Type	Funding Source (Federal/State)	Description	Primary Program Designation (Cash)
FS	FS	Federal	SNAPs	
CA	#UNACS	State	Unapplied Cash	1
CA	#CBFC	State	EBT SNAP Conversion Cashout (EBT Contractor generated, returned on the AA file.) <i>Confirm with a policy person; I believe this type has been reused to be something else.</i> <b>THIS IS \$1 LIHEAP</b>	2
CA	LIHEAP	Federal	Low Income Energy Assistance Program	3
CA	TANF	State	FIP – Tanf	4
CA	REF	State	Refugee Assistance	5
CA	REP	State	Repatriate Assistance	6
CA	TNFMOE	State	State TANF	7
CA	StFIP	State	FIP - State	8
CA	SDA	State	State Disability Assistance	9

**BENEFIT TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-38	Credit Count	6	9	Total Credit Detail Records
7	39-44	Debit Count	6	9	Total Debit Detail Records

8	45-54	Credit Amount	10	9(8)V99	Total Dollars All Credit Records
9	55-64	Debit Amount	10	9(8)V99	Total Dollars All Debit Records
10	65-70	Total Detail Records	6	9	
11	71-85	Reserved for State	15	X	
12	86-132	Filler	47	X	
13	133-136	Reserved for EBT Contractor	4	X	
14	137-140	Response Code	4	X	"0000"-no errors Should be initialized to '0000'

Record length = 140 characters

**ACCOUNT ACTIVITY FILE**

Every calendar day, EBT will transmit a daily Account Activity file to Michigan containing the details of all financial transactions, denials, and balance inquiries that occurred during the previous day's alog/business processing day. This provides the State the means of developing one time custom reports and ongoing EBT reports as needed.

- The Account Activity file is produced based on the following criteria:
- Account Activity file data originates from the daily alog/business cycle activity data (the AA file can be reconciled directly to the daily State Issuer Totals Report/Screen). The Account Activity file is produced at the benefit grant/EBT Benefit Authorization level (one transaction spanning multiple grants is displayed as multiple records, one for each benefit grant impacted by the transaction).
- The Account Activity file is comprised of all transactions, accepted and rejected (all transactions, monetary and non-monetary).
- Transactions spanning multiple benefit grants/EBT Benefit Authorizations will have multiple records appearing consecutively on the AA file.

**ACCOUNT ACTIVITY HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MIACTVTY"
3	11-18	Date	8	9	CCYYMMDD
4	19-26	Time	8	9	HHMMSSSS
5	27-32	Control Number	6	9	Incremented by 1 each time sent.
6	33-34	State ID	2	X	"MI"
7	35-248	Filler	214	X	

Record length = 248 characters

**ACCOUNT ACTIVITY DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes
1	1-2	Record Type	2	X	"DT"	
2	3-17	State Unique ID (Recipient ID)	15	X	Left justified. Pos 1-10 – Recipient ID Pos 11-15 - spaces	MI must tie the Recipient ID to the case number to track client history. This field is used by EBT Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to EBT Contractor on the Benefit file.
3	18-29	EBT Account Number	12	9	EBT SNAP or Cash account number.	
4	30-45	Card Number	16	X	Left justified.	
5	46-47	Primary/Alternate Indicator	2	X	"01" – Primary Recipient/Protective Payee "02" – Authorized Rep (FS) "03" – Authorized Rep (CASH)	
6	48-50	Transaction Type	3	X	See table below.	
7	51-58	Transaction Date	8	9	CCYYMMDD	
8	59-66	Transaction Time	8	9	HHMMSSSS	
9	67-68	Transaction Response Code	2	X	EBT Contractor Authorizer codes. See Table below.	
10	69-70	Reversal Reason Code	2	X	TPP Reversal Reason Codes. State to settle only to code "00".	
11	71-76	Benefit Type	6	X	See benefit types in Benefit File Detail Record.	
12	77-78	Credit/Debit Indicator	2	X	"CR" - Credit, "DB" - Debit	
13	79-85	Requested Amount	7	9(5)V99	For a POS/ATM transaction: amount requested from the switch. Does not include surcharges or fees.	
14	86-92	Completed Amount	7	9(5)V99	For a POS/ATM transaction: amount processed/approved through the switch. Does not include surcharges or fees. Same as the Cardholder Detail Journal Screen.	
15	93-99	Cashback Amount	7	9(5)V99		
16	100-106	Account Balance	7	9(5)V99	Balance after the transaction. This is the same on all records Spanning multiple grants.	

Field #	Position	Description	Length	Type	Data	Notes
17	107-110	Fees	4	9(2)V99	Contractually agreed upon fees between EBT Contractor and the State.	
18	111-114	Surcharges	4	9(2)V99	Charged by the ATM owner. If permitted to charge a fee in the state, ATM owner may charge any amount.	
19	115-121	Applied Amount	7	9(5)V99	Amount of completed transaction plus surcharges & fees reduced from the client account as applied to a specific benefit grant. Located on the Cardholder Transaction Detail screen. (Note: fees and surcharges cannot be identified as applied to a specific benefit grant.)	
20	122-126	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)	This is fed from the cardholder record.
21	127-133	FNS Number	7	X	ISO 8583 ISO Specification: Must be supplied for every SNAP transaction.	
22	134-148	POS/ATM ID	15	X	POS/ATM ID is considered the Cash ID. It reflects the true, POS/ATM terminal ID where the transaction occurred. This is an ISO 8583 required field, and is validated by the TPP, not EBT Contractor.	

Field #	Position	Description	Length	Type	Data	Notes
23	149-168	EBT Authorization Number	20*	X	Left Justified Pos 1 - 'F' for SNAP - 'C' for Cash Pos 2-9 - EBT Authorization Number Pos 10-16 – State data Pos 17-20 – Reserved for EBT Contractor	EBT Authorization Number is incremented by 1 for each new authorization number. Michigan will “send” only a 16-position field. EBT Contractor will “return” a 20-position field in the AA file. EBT SNAP coupon conversion cashouts will return “CBFC” in pos 17-20. Multiple records may be generated, 1 for each debit to the SNAP account, and 1 for each credit to the cash account)
24	169-174	Benefit Month	6	9	CCYYMM	MI will send multiple benefits per month for SNAPs & cash with unique EBT Authorization Numbers.
25	175-182	Switch Date	8	9	CCYYMMDD (Switch Cutoff/ Payment Cycle, Origination Date/Settle Date to Retailers)	For EDS, this is 6 pm to 6pm EST daily. Date reflects the settlement of transactions back to the retailer for a given Switch Date/Payment Cycle. Switch date data can be mapped back to the Benefit Issuer Report/Screen. Switch Cutoff & Business Cutoff are never the same due to processing complexities.

Field #	Position	Description	Length	Type	Data	Notes
26	183-190	Business Date	8	9	CCYYMMDD (Business Cycle/Daily Alog Cutoff)	This date reflects Michigan's unique daily business processing cycle reflecting one day's alog file. An AA file is produced from each daily alog. The daily alog can be mapped to the daily State Issuer Report/Screen. Usually after the Switch Cutoff, determined by each state's processing.
27	191-191	Swiped or Keyed	1	X	'S' or 'K'	
28	192-201	Case Number	10	X	Left Justified. Michigan 2 <sup>nd</sup> State ID Pos 1-9 - Case Number Pos 10 - Space	MI must tie the State Unique ID (Recipient Id) to the Case Number to track client history. These are used by Michigan internally.
29	202-216	Reserved for State	15	X	Data sent from Michigan on the Benefit file and stored. Pos 1-6 - Original batch number Pos 7-8 - spaces Pos 9-14 - Original batch number Pos 15 Space	Batch number of original Benefit Issuance request
30	217-248	Filler	32	X		

Record length - 248 characters

**ACCOUNT ACTIVITY TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-34	State ID	2	X	Must match header

7	35-40	Total Detail Records	6	9	
8	41-248	Filler	208	X	

Record Length = 248 characters

**ACCOUNT ACTIVITY TRANSACTION TYPES (3 BYTE)**

Transaction	Description	Function
101 (N/A)	Emergency Benefit Add (Admin)	Authorize emergency benefits from an administrative terminal (non-settling).
102	Coupon Conversion	Debit SNAP account balance and issue food coupons (non-settling).
103	Account Adjustment (Admin - DB)	Debit to an account balance through an administrative terminal (settling).
104	SNAP Manual Authorization	Debit account based on SNAP manual authorization. Hold funds (non-settling).
105	Repayment	Debit account based on repayment/recoupment (non-settling).
106 (N/A)	Card Replacement Fee	Fee for excessive card replacements (settling).
107	Coupon Cashout	Debit SNAP account balance and deposit SNAP balance into existing or newly created cash account (non-settling).
108	Account Adjustment (Admin – CR)	Credit to an account balance through an administrative terminal (settling).
201	Benefit Add (Batch)	Add funds to an account via the batch interface (non-settling).
202	Coupon Conversion Expungement	Expunge portion of account SNAP balance that could not be directly converted to coupons (non-settling).
203	Dormant Expungement	Expunge account balance after no debit activity for 180 (cash) or 365 (SNAPs) days (non-settling).
204	SNAP Manual Authorization Release	Credit client account if merchant does not submit voucher within 30 days (non-settling). Michigan contract says 15 days, most states use 30. Michigan will tell merchants 15 days, but have EBT Contractor set the parameter to 30.
207	Client ACH Adjustment (Direct Deposit)	Adjustment to remove funds from client account to pass to ACH (settling).
208	Debit (Repayment) via Batch	Debit transaction from State to correct erroneous benefit posting.
301	SNAP Purchase	Purchase food with SNAP benefits (settling).

Transaction	Description	Function
302	SNAP Merchandise Return	Credit account when merchandise is returned (settling).
303 (N/A)	Account Adjustment (TPP)	Credit or debit an account balance through a TPP transaction (settling). This tran code is not used. A normal debit/credit is used for this.
304	Cash Withdrawal	Account cash withdrawal (ATM) (settling).
305	Purchase Transaction	Account cash purchase (POS) (settling).
306	Purchase with Cashback	Account cash purchase plus cash back (POS) (settling).
307	Cashback Only	Cash back (POS) (settling).
308 (N/A)	Pre-Authorization/Completion	Inquire against a client account for the purpose of pre-authorizing an account debit. (This is not done for EBT. An example is paying at the pump for gasoline, where the charge amount is pre-authorized by the pump).
309	Balance Inquiry	Account balance inquiry (non-settling).
310	SNAP Manual Authorization Debit	Follow up to manual authorization. Held funds debited to pay merchant (settling).
312 (N/A)	Void – We don't see, taken care at the Switch Level. Voids come through as Reversals.	Cancel a transaction from a POS device (settling).
411	Reversal/Cancellation (SNAP)	Reverse or cancel all or part of a transaction from a POS. (311 is no longer used) (settling)
412	Void – We don't see, taken care at the Switch Level. Voids come through as Reversals.	Cancel a transaction from a POS device (settling).

**AUTHORIZER TRANSACTION RESPONSE CODES (2 BYTE)**

Error Code	Error	Description	Used By EBT Contractor (Y/N)
00	Transaction Approved	Transaction processed. Will be displayed on the Cardholder Detail Journal or Cardholder Transaction Detail Screens as blanks.	Y
04	Invalid FNS Number	FNS Number not valid.	Y
05	Invalid Merchant Number	Outdated, reflects when EBT Contractor drove terminals.	N
07	Inactive Terminal	Outdated, reflects when EBT Contractor drove terminals.	N
12	Inactive Transaction Code	Not used.	N

<b>Error Code</b>	<b>Error</b>	<b>Description</b>	<b>Used By EBT Contractor (Y/N)</b>
14	Invalid Amount	Transaction received with an invalid EDA number or the account is stasured.	Y
15	Invalid Cash Request	Manual card entry for a cash purchase when it has been set to not allow that type of entry by the Profile Record.	Y
17	Maximum Amount Exceeded	Transaction amount exceeded Profile Record limit (DB or CR).	Y
31	Unknown Card Bank	ISO cannot be found in Profile File.	Y
41	Hot Card	Card stasured to 4 or 33 thru 44.	Y
50	Pre-Authorization Transaction Detail	NSF on Pre-Authorization transaction type 5.	N
51	Insufficient Funds	NSF on normal transaction.	Y
52	Account Not On File	Database error, EDA on card not found in debit record.	Y
54 *	Expired Card	Card has reached its expiration date.	Y
55	Invalid PIN	Incorrect PIN.	Y
56	Card Not On File	Card number not found in Card Auth File.	Y
57	Transaction Not Permitted for Cardholder		Y
58	Invalid Transaction	Manual auth clear	Y
62	Inactive Card	Card status is 0, 9 or 60 thru 99.	Y
63	Closed Card	Card status is 2, 11 or 22	Y
64	Card Status Inactive	Account sub status is not 1.	Y
75	PIN Tries Exceeded	Exceeded PIN retry count in Profile Record.	Y
76	PIN Key Synchronization Error	Sanity failure returned from security device.	Y
77	Maximum PIN Tries Exceeded	Exceeded PIN reset count in Profile Record.	Y
79	Duplicate Reversal	A reversal was sent for a transaction that has already been reversed.	Y
80	Manual Authorization Expired	Manual hold expired before the clear was sent.	Y
81	No Manual Authorization Record	No record found for this clear.	Y
82	Amount Exceeds Hold	Manual hold clear was attempted for more than the hold amount	Y
91-95	Unable to Process Transaction		Y

**REVERSAL REASON CODES (2 BYTE)**

POS 1	DESCRIPTION	POS 2	DESCRIPTION
0	Not a reversal	0	Not a reversal
1	Card Acceptor originated reversal (terminal)	1	Unknown error
2	Acquirer originated reversal (tpp)	2	Terminal processor error (pos/atm)
3	Intermediate facility originated reversal (GW)	3	System time out (down/not responding fast enough)
4-9	Reserved for future use	4	Terminal error/misdisperse
		5	Terminal communication error
		6	Terminal error
		7	Late/unsolicited response
		8	Clerk initiated
		9	Unknown error

**Card status change FILE**

The Card Status Change file is provided on a calendar day basis. This file provides card status changes performed via the Card Status Maintenance Screen (RCSCSM) on a daily basis. This will enable Michigan to track Authorized Representative cards statused by a Primary Recipient. Eventually, this data will be used to alert the Michigan worker to make the appropriate changes to the Michigan BRIDGES System.

**CARD STATUS CHANGE HEADER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MICRDSTS"
3	11-18	Date	8	9	CCYYMMDD
4	19-26	Time	8	9	HHMMSSSS
5	27-32	Control Number	6	9	Incremented by 1 each time sent.
6	33-34	State ID	2	X	"MI"
7	35-152	Filler	118	X	

*Record Length = 152 characters*

**CARD STATUS CHANGE DETAIL RECORD**

Field #	Position	Description	Length	Type	Data	Notes
1	1-2	Record Type	2	X	"DT"	
2	3-18	Old Card Number	16	X	Left justified.	
3	19-34	New Card Number - TBD	16	X	Left justified.	Not always populated.

Field #	Position	Description	Length	Type	Data	Notes
4	35-49	State Unique ID (Recipient ID)	15	X	Left justified. Pos 1-10 – Recipient ID Pos 11-15 - spaces	MI must tie the Recipient ID to the case number to track client history. This field is used by EBT Contractor as the State Unique ID. The two fields are used by Michigan internally, Recipient ID is sent to EBT Contractor on the Benefit file.
5	50-69	First Name	20	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.
6	70-70	Middle Initial	1	X	Reserved for future use- No validation. Data = spaces.	No data is sent in this field.
7	71-100	Last Name	30	X	Michigan to populate “Last,First” or “Last First”	Michigan has a 45-character free form text field which holds last,first or last first. All name data is sent in this field. EBT Contractor/Muscato will remove any commas or special characters between the last & first names and will replace them with blanks prior to populating the field.
8	101-102	Primary/Alternate Indicator	2	X	“01” – Primary Recipient/Protective Payee “02” – Authorized Rep (FS) “03” – Authorized Rep (CASH)	
9	103-103	Cardholder Access	1	X	“1” - SNAPs “2” - Cash “3” - Both “0” - No Access (will NOT trigger auto replacement)	
10	104-115	EBT Account Number- SNAPs	12	9		
11	116-127	EBT Account Number- Cash	12	9		
12	128-135	Date	8	9	CCYYMMDD	

Field #	Position	Description	Length	Type	Data	Notes
13	136-137	Card Status Indicator	2	9	Cards statused via the admin terminal: "01" –Activate "02" –Lost "03" –Damaged "04" – Stolen "05" –Compromised "06" –Used without authorization "07" –Stopped by Head of Household "08" –Other "09" –Statused (usually means via batch or by the system, in this case, would have to be done via terminal) "11" –Undeliverable (no auto-reissue) "22"–Lost (no auto-reissue) "33"–Damaged (no auto-reissue) "44"–Stolen (no auto-reissue) "55"–Primary Recipient Statusing an Auth Rep Card "00" -- I don't know what it means, but we are receiving a lot of records with this value.	
15	138-152	2 <sup>nd</sup> State ID	15	X	Pos 1 – "0" Pos 2-9 - Case Number	

Record Length = 152 characters

**CARD STATUS CHANGE TRAILER RECORD**

Field #	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-34	State ID	2	X	must match header
7	35-40	Total Detail Records	6	9	
8	41-152	Filler	112	X	

Record Length = 152 characters

**DEMOGRAPHIC TRAILER RECORD**

Field #	Positions	Description	Length	Type	Data
1	1-2	Record Type	2	X	"TR"
2	3-10	Transaction Type	8	X	must match header
3	11-18	Date	8	9	must match header
4	19-26	Time	8	9	must match header
5	27-32	Control Number	6	9	must match header
6	33-38	Total Detail Records	6	9	
7	39-63	Reserved for State Pos 1-3 = batch number 4-25 = spaces	25	X	Batch number is Julian date
8	64-292	Filler	229	X	
9	293-296	Reserved for EBT Contractor	4	X	Error code line description
10	297-300	Response Code	4	X	"0000"-no errors Must be initialized to '0000'

*Record length - 300 characters*

**Adjustment Activity Record Layouts**

The following is a description of the Adjustment Activity File format.

The file layout consists of a header record, followed by multiple detail records, followed by a trailer record.

All alpha-numeric fields are left-justified and right space-filled.

**Adjustment Activity Header Record**

#	Position	Description	Length	Type	Data
1	1-2	Record Type	2	X	"HD"
2	3-10	Transaction Type	8	X	"MIADJACT"
3	11-18	Date	8	9	CCYYMMDD
4	19-26	Time	8	9	HHMMSSSS
5	27-32	Control Number	6	9	Incremented by 1 each time sent.
6	33-34	State ID	2	X	"MI"
7	35-200	Filler	166	X	

Record Length – 200

**Adjustment Activity Detail Record**

#	Position	Description	Length	Type	Comments	M/C/O/I
1.	001-002	Record Type	2	X	"DT" – Detail	M
2.	003-017	State Unique ID (Recipient ID)	15	X	State Unique ID Pos 1-10 Recipient ID Pos 11-15 Spaces	M
3.	018-047	Cardholder Name	30	X	Name of cardholder that performed transaction.	M
4.	048-052	Service Site	5	X	Pos 1-2 - County (number) Pos 3-4 - District (number) Pos 5 - Filler (space)	M
5.	053-054	Program Type	2	X	Program ID for the record. (F ) - SNAP program (C ) - Cash Program Note that the second character must be a space.	M
6.	055-064	Dispute Tracking Number	10	X	Tracking number assigned to dispute Pos 1-9 Dispute tracking number Pos 10 Space.	M
7.	065-072	Transaction Date	8	9	CCYYMMDD – Trans Log Date	C
8.	073-080	Transaction Time	8	9	HHMMSSSS – Transaction Log Time	C
9.	081-082	Credit/Debit Indicator	2	X	"CR" = Credit "DB" = Debit Adjustment	M
10.	083-089	Transaction Amount	7	9	Amount of original transaction.	C
11.	090-096	Dispute Amount	7	9	Amount of the Dispute	M
12.	097-098	Reason Type	2	X	Reason for Dispute: RC - Retailer Requested Debit to Client CR - Client Requested Debit to Retailer	M
13.	099-106	Date of Dispute	8	9	CCYYMMDD - Date dispute was initiated	M
14.	107-107	Dispute Status	1	X	Status of dispute: N – New A – Approved D – Denied H – Fair Hearing Requested E – Elapsed S – Settled I – Insufficient Funds C – Accepted R – Rejected	M

#	Position	Description	Length	Type	Comments	M/C/O/I
15.	108-115	Dispute Status Date	8	9	Date of dispute status change	M
16.	116-122	FNS Number	7	X	Only included on SNAP transactions.	C
17.	123-142	Merchant Name	20	X	Where the transaction occurred.	C
18.	143-182	Merchant Location	40	X	Location where the transaction occurred.	C
19.	183-200	Filler	18	X	Spaces	I

Record Length – 200

**Adjustment Activity Trailer Record**

#	Position	Description	Length	Type	Comments	M/C/O/I
1.	001-002	Record Type	2	X	“TR” – Trailer	M
2.	003-010	Transaction Type	8	X	must match header	
3.	011-018	Date	8	9	must match header	
4.	019-026	Time	8	9	must match header	
5.	027-032	Control Number	6	9	Must match header	M
6.	033-034	State ID	2	X	Must match header	
7.	035-043	Total Detail Records	9	9	Total Number of Detail Records	M
8.	044-053	Total Credits	10	9	Total dollar value of Credits	M
9.	054-063	Total Debits	10	9	Total dollar value of Debits	M
10.	064-200	Filler	137	X	Spaces	I

Record Length – 200

### Adjustment File Processing Rules

Records are written out to the Adjustment Activity based on any actions taken on Contractor EBT electronic system via the Adjustment screens, to the status of an adjustment dispute. The following table provides further details on the dispute statuses. The dispute statuses are from the recipient's perspective.

<b>Dispute Status</b>	<b>Description</b>
N – New	Initial Status of all Dispute requests.
A – Approved	Status to identify the result of a Fair Hearing.
D – Denied	Status to identify the result of a Fair Hearing.
H – Fair Hearing Requested	Indicates a Fair Hearing has been requested regarding the dispute.
E – Elapsed	Only on Debit adjustment, when 15 days has passed since origination of the adjustment.
S – Settled	Final status for an adjustment. Funds have been credited or debited.
I – Insufficient Funds	Final status for an adjustment. Funds have not been credited or debited; client account does not have enough funds.
C – Accepted	Only on Credit adjustment, when the retailer accepts the recipient-initiated adjustment.
R – Rejected	Only on Credit adjustment, when the retailer rejects the recipient-initiated adjustment; client has option then to request fair hearing through the State.

The following Reason Type/Dispute Status combination is the typical combination resulting in State's sending client notifications informing them that a dispute was opened against their account:

- Reason Type – "RC" – Retailer Request to Debit the Client
- Dispute Status – "N" – New Dispute

**Attachment C**  
**MDHHS WIC Interface Records Layout**

The following link provides the WIC Universal MIS – EBT Interface Functional Requirements Specifications as of March 2015.

<https://fns-prod.azureedge.net/sites/default/files/wic/WIC%20Universal%20MIS%20%20EBT%20Interface%20Specification%20March%202015.pdf>

## **Attachment D Federal REDE II Format**

In support of EBT implementation, the Food and Nutrition Service (FNS) determined that an automated process was required to notify the EBT Processors, contracted by each state (and possibly by each county), of any changes to the data for the SNAP retailers to which they provide service.

FNS has established requirements that the automated process will:

- A. Provide Detailed State Retailer Data for State EBT Processors.** FNS will provide a file of data for each retailer within a state to EBT processors. An EBT processor may request a file for multiple states. Changes to this retailer file, which contains additions and deletions of retailers, as well as changes to the basic information, will be provided on a daily basis, Monday through Friday. A full file of the retailer data for each state will be provided on a monthly basis. This full file will allow the EBT processor to verify that no retailer changes have been missed.
  
- B. Provide National Retailer Data for Interoperability Between States.** FNS will initially provide, to each EBT processor, a file of limited data for each authorized retailer in the SNAP. This file will be used to allow for the inter-operability between states and EBT processors for the EBT redemption process. Changes to this file (additions and deletions of retailers) will be provided on a daily basis, Monday through Friday. A complete file of the limited retailer data for the entire SNAP will be provided on a monthly basis. The complete file will allow the EBT processor to verify that no retailer changes have been missed.

The Retailer Electronic Data Exchange (REDE) interface was developed to facilitate the exchange of retailer data between FNS and the EBT processors. REDE replaced the manual process which required a field office to fax the changes for a store to the EBT processor. It has helped to reduce the EBT processors' submission of incorrect authorization numbers with redemption data which must then be manually researched by FNS staff at the Benefit Redemption Systems Branch (BRSB), and at FNS regional offices and field offices. It can also be made available to Third Party Processors to limit input errors.

The most critical exchange is FNS' notification of EBT processors concerning newly authorized EBT retailers and EBT retailers who have been withdrawn or disqualified as participants in the SNAP. The EBT processor is responsible for promptly setting up a newly authorized EBT retailer to participate in the EBT redemption process, generally within 2 weeks of this notification. The EBT processor is also responsible for removing a withdrawn or disqualified retailer from the EBT redemption process within 2 days of notification from FNS.

The REDE Subsystem supports interoperability, which allows a SNAP recipient from one state's program to make EBT purchases in another state. Interoperability is supported through the notification of all EBT processors concerning changes in any SNAP retailer's authorization status. The REDE Subsystem provides this data not only to the state and/or county EBT processors, but also to organizations that may provide Gateway services to multiple EBT processors and/or to any other FNS-approved organizations. The data provided on each store authorized to accept SNAP EBT transactions is limited to only that data which allows the basic identification of the store as an authorized retailer.

### **Operations**

REDE processing includes standard (regularly scheduled) nightly and monthly operations and ad hoc operations. Both types of REDE operations are performed at the Benefit Redemption Systems Branch (BRSB) in Minneapolis, MN. The standard nightly operations are performed nightly, Monday through Friday, and create the state and national retailer data update files. The standard monthly operations are performed monthly (on the first Saturday of the calendar month) and create the full state and national retailer data files. The state retailer data update files are used to update the Retailer EBT Data Exchange

(REDE) database. Ad hoc operations are performed as requested when a State Agency and/or EBT processor requests a start-up copy of a state or national retailer update file.

The REDE Subsystem will create state retailer data update files and a national retailer data update file on a nightly basis, Monday through Friday. The exceptions to this are federal holidays that fall on a weekday. A full state retailer data file and national data file, which contain authorized stores, will be created on a monthly basis during the first full weekend of a calendar month. These files will be readied for transmission to authorized recipients of each state's file and the national file who will be given the choice of accessing these files using either a Connect Direct process through the USDA Computer Center in Kansas City or a VPN internet solution.

#### **Creating State Retailer Data Update Files**

Each night, the REDE Subsystem will utilize the current and prior night's Retailer Extract File to create the state retailer data update files for those states that the State Agencies and/or EBT processors have included in a file of requested states. The state retailer data update files contain the retailer data update transactions for each state's retailers. These transactions identify when a retailer has been added to, removed from, or re-activated into the SNAP and identify if certain key retailer data has changed. If a state incurs no changes to its retailers' data, a file will still be created for that state and will contain a header record and trailer record which identify that no detail records were included in the file. The creation of a file for each of the requested states will improve security and integrity as the authorized data files recipients from each state will always get a file, even when it does not contain any updates.

#### **Creating National Retailer Data Update Files**

The national retailer data update files are also created by REDE on a nightly basis and will be readied for access in the same manner as the state retailer data update files. Each file will identify if a retailer has been removed from, or added to, the set of retailers authorized to perform EBT processing for the SNAP. While additions and deletions are the primary types of transactions, there is also a modify transaction that identifies whether the first ten characters of the retailer name have changed, or whether the state within which the retailer resides, has been changed or whether the business type has been changed. Ideally, the state change should occur only if someone miskeys the information into the primary retailer database and then later corrects it.

The national retailer update file may be sent to entities other than the state EBT processors; for example, it may also be provided to some independent processors that support a national EBT retailer database for the state EBT processors. As with the state file, if there are no changes to any retailers in the nation, a file containing a header record and a trailer record will be created which identify that no detail records were included in the file. This will ensure that all authorized recipients are aware that there were no changes to the nation's retailers for that period.

#### **Creating Full State and National Retailer Data Files**

On a monthly basis, the REDE Subsystem will create a full file of all of the state retailer data files and the national retailer data file using the most current Retailer Extract File. These files will be readied for access in the same manner as the update files. The primary purpose of these files is to ensure that updates have not been missed and that all updates were received by the authorized recipients of each file.

#### **Creation of Start-up State and National Retailer Data Files**

When requested by a newly implemented EBT state or that state's EBT processor, the REDE Subsystem will create a set of start-up files consisting of a full state retailer data file and/or full national retailer data file. The files will be created using the most current Retailer Extract File and will be readied for access in the same manner as the standard monthly files. These start-up files are provided for a state and an EBT processor to use when the state's EBT implementation does not coincide with the creation and transmission of the standard monthly Full State Retailer Data Files and National Retailer Data File.

**State Retailer File Header Record**

<b>FIELD DESCRIPTION</b>	<b>FIELD TYPE</b>	<b>FIELD WIDTH</b>	<b>FIELD POSITION</b>	<b>COMMENTS</b>
Transaction Type Code	Char	1	1	Blank
State Code	Char	2	2 - 3	Alphabetic state code where stores are located
Date Range				Date range for effective dates of retailer update transactions
Beginning Date	Char	8	4 - 11	For the daily update file, the beginning date of the date range in CCYMMDD format. For the monthly file, the date the file is produced.
Ending Date	Char	8	12 - 19	For the daily file, the ending date of the date range in CCYMMDD format. For the monthly file, the date the file is produced.
Transaction Count	Num	7	20 - 26	Count of detail records in the file
Filler	Char	54 (395)	27 – 80 (27-421)	Blanks (mainframe files only)

**State Retailer File Trailer Record**

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Transaction Type Code	Char	1	1	'T' - Trailer record
State Code	Char	2	2 - 3	Alphabetic state code where stores are located
Date Range				Date range for effective dates of retailer update transactions
Beginning Date	Char	8	4 - 11	For the daily update file, the beginning date of the date range in CCYMMDD format. For the monthly file, the date the file is produced.
Ending Date	Char	8	12 - 19	For the daily file, the ending date of the date range in CCYMMDD format. For the monthly file, the date the file is produced.
Transaction Count	Num	7	20 - 26	Count of detail records in the file
Add Transaction Record Count	Num	7	27 - 33	Count of "add" transaction records in the file
Delete Transaction Record Count	Num	7	34 - 40	Count of "delete" transaction records in the file
Modify Transaction Record Count	Num	7	41 - 47	Count of "modify" transaction records in the file
Re-activate Transaction Record Count	Num	7	48 - 54	Count of "re-activate" transaction records in the file
Hash Count	Num	8	55 - 62	Numeric hash count for backwards compatibility
Filler	Char	18	63 - 80 (63-421)	Blanks (mainframe files only)

## State Retailer Detail Records

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Transaction Type Code	Char	1	1	'A' if a new store was added, "R" if a previously authorized store was reinstated (Auth Status 01, Reason Code 02) or 'M' if an existing store was modified or 'D' if an existing store was removed from the program.
State Abbreviation	Char	2	2-3	Alphabetic State Code
Store Number	Num	7	4 – 10 (11-60)	STARS Authorization Number
Store Name	Char	33 (50)	11 – 43 (11 – 60)	Full name of store
Primary Telephone Number	Num	10	44 – 53 (61 – 70)	Full telephone number with area code
Alternate Telephone Number	Num	10	71-80	Telephone number to use in case Primary Telephone Number is unavailable.
Open 24 Hours Indicator	Char	1	54 (81)	'Y' if open 24 hours; otherwise 'N'
Registers Count	Num	5	55 – 59 (82 – 86)	Total number of check-out registers in store
County Code	Char	3	60 – 62 (87 – 89)	Code indicating county within state where store resides
Business Type Code	Char	2	63 – 64 (90 – 91)	Code indicating type of store - <b>see Figure 1</b>
Address Number	Char	8	65 – 72 (92 – 99)	Address number on street where store is located
Street Name	Char	25 (40)	73 – 97 (100 – 139)	Full name of street where store is located
City Name	Char	15	98 - 112	Full name of city where store is located
State Code	Char	2	113 – 114 (210 – 211)	Alphabetic state code where store is located
Zip Code	Num	5	115 – 119 (212 – 216)	5-digit zip code where store is located

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Zip 4 Code	Num	4	120 – 123 (217 – 220)	4-digit zip code suffix where store is located
Authorization Status Code	Char	2	124 – 125 (221 – 222)	Code indicating current authorization status of store - <b>see Figure 2</b>
Authorization Status Date	Num	8	126 – 133 (223 – 230)	Effective date of current authorization status in CCYYMMDD format
Authorization Withdrawal Reason Code	Char	2	134 – 135 (231 – 232)	Reason for authorization or withdrawal- <b>see Figure 3</b>
Re-certification Status Date	Num	8	136 – 143 (233 – 240)	Date in CCYYMMDD format the store was re-certified (re-authorized) as authorized under FNS regulations based on updated data supplied by the retailer.
Ownership Type Code	Char	1	144 (241)	'1' if sole proprietorship or '2' if partnership or '3' if privately-held corporation or '4' if publicly owned corporation or '5' if cooperative or '6' if government or '7' if limited liability company or '8' if limited liability partnership
Owner's Name Format	Char	1	145 (242)	'1' if a person's name or '2' if an organization's name (corporation, company, government, etc.)
Owner's Name	Char	33	146 – 178 (243 – 292)	Organization or primary person that owns the retailer (if person's name, the first 13 characters contain the first name and middle name or initial, and the last 20 characters contain the last name)  Organization or primary person that owns the retailer (if person's name, the first 15 characters contain the first name, the second 15 characters the middle name or initial, and the last 20 characters contain the last name)

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Mailing Address Number	Char	8	179 – 186 (293 – 300)	Address number on street on store mailing address
Mailing Street Name	Char	25	187 – 211 (301 – 340)	Full name of street on store mailing address
Mailing Additional Address Info	Char	40	341-380	Supplemental mailing address information that is not contained in the street name (e.g. Suite Number)
Mailing City Name	Char	15	212 – 226 (381 – 410)	Full name of city on store mailing address
Mailing State Code	Char	2	227 – 228 (411 – 412)	Alphabetic state code on store mailing address
Mailing Zip Code	Num	5	229 – 233 (413 – 417)	5-digit zip code on store mailing address
Mailing Zip 4 Code	Num	4	234 - 237	4-digit zip code extension on store mailing address
Filler	Char	43	238 - 280	Blanks

**NATIONAL RETAILER FILE**

**National Retailer File Header Record**

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Transaction Type Code	Char	1	1	Blank
Creation Date	Char	8	2 - 9	Date this file was created in CCYYMMDD format.
File Type	Char	1	10 - 10	File type indicator where "D" = daily change file, "F" = full replacement file.
Transaction Count	Num	7	11 - 17	Count of detail records in the file
Filler	Char	18	18 - 35	Blanks

**National Retailer File Trailer Record**

FIELD DESCRIPTION	FIELD TYPE	FIELD WIDTH	FIELD POSITION	COMMENTS
Transaction Type Code	Char	1	1	"T" - Trailer record
Creation Date	Char	8	2 - 9	Date this file was created in CCYYMMDD format.
File Type	Char	1	10 - 10	File type indicator where "D" = daily change file, "F" = full replacement file.
Add Transaction Count	Num	7	11 - 17	Count of "add" detail records in the file
Delete Transaction Count	Num	7	18 - 24	Count of "delete" detail records in the file
Modify Transaction Count	Num	7	25 - 31	Count of "modify" detail records in the file
Filler	Char	4	32 - 35	Blanks

**National Retailer File Detail Record**

<b>FIELD DESCRIPTION</b>	<b>FIELD TYPE</b>	<b>FIELD WIDTH</b>	<b>FIELD POSITION</b>	<b>COMMENTS</b>
Transaction Type Code	Char	1	1	'A' if store was added or 'D' if store was deleted or 'M' if state code, first ten characters of store name or business type code were modified
Store Identification	Num	7	2 - 8	STARS Authorization Number
State Code	Char	2	9 - 10	Alphabetic state code where store is located
Store Name	Char	10	11 - 20	First ten characters of the store name
Business Type Code	Char	2	21 - 22	Code indicating type of store
Filler	Char	13	23 - 35	Blanks

**Code Definitions for Business Type, Authorization Status and State Code/Abbreviation**

The values for the Business Type; Authorization Status; Status Reason and State Abbreviation codes used in the record layouts are listed in the Figures 1, 2, 3 and 4 below:

**Figure 1. Business Type Code List**

<b>Business Type Code</b>	<b>Description</b>	<b>Store or Meal Service</b>
AD	Drug and/or Alcohol Treatment Program	Meal Service
BB	Bakery Specialty	Store
BC	Non-profit Food Buying Co-op	Store
BR	Bread Route	Store
BW	Shelter for Battered Women and Children	Meal Service
CA	Community Supported Agriculture Organization	Store
CB	Combination Grocery/Bar	Store
<b>CD</b>	<b>Communal Dining Facility</b>	Meal Service
CG	Combination Grocery/Gas	Store
CM	Comb. Grocery/Merchandise	Store
CO	Combination Grocery/Other	Store
CR	Comb. Grocery/Restaurant	Store
CS	Convenience Store	Store
DR	Delivery Route	Store
<b>DS</b>	<b>Drug Store</b>	Store
DF	Direct Marketing Farmer	Store
FM	Farmers' Market	Store
FV	Fruits/Vegetable Specialty	Store
GL	Group Living Arrangement	Meal Service
GS	Small/Medium Grocery	Store
HF	Health/Natural Food	Store
HP	Homeless Meal Provider	Meal Service
IR	Internet Retailer	Store
LG	Large Grocery Store	Store
MC	Military Commissary	Store
<b>MD</b>	<b>Meal Delivery Service</b>	Meal Service
ME	Meat/Poultry Specialty	Store
MG	Medium Grocery Store	Store

MR	Milk Route	Store
OF	Other Firm	Store
OR	Other Route	Store
PR	Produce Route	Store
PS	Produce Stand	Store
RE	Private Restaurant/Meal Delivery	Meal Service
<b>SC</b>	<b>Senior Citizens' Center/Residential Building</b>	Meal Service
SE	Seafood Specialty	Store
SF	Specialty Food	Store
SG	Small Grocery Store	Store
SM	Supermarket	Store
<b>SS</b>	<b>Super Store</b>	Store
WH	Wholesaler	Store
<b>WR</b>	<b>Co-located Wholesaler/Retailer</b>	Store

**Figure 2. Authorization Status Code List**

Authorization Status Code: XX	
01	Authorized
03	Withdrawn
04	Disqualified
07	Permanent Disqualification
10	Permanently Withdrawn

**Figure 3. Status Reason Code List**

Status Reason Code for "Authorized": 01	
01	Initial Authorization
02	Reinstated
Status Reason Code for "Withdrawn": 03	
01	Voluntary Withdrawal
02	Involuntary - Other
03	Involuntary - Withdrawn
04	Involuntary Withdrawal - Does not meet Criteria A or Criteria B
05	Involuntary – Not a Retail Food Store

06	Involuntary - Failure to Cooperate
07	Involuntary - Failure to Pay
08	Involuntary-Business Integrity
09	Involuntary – Non-Redeemer
Status Reason Code for "Disqualified": 04	
01	Food Stamp Program Violation
02	WIC Program Violation
03	Failure to Pay
Status Reason Code for "Permanently Disqualified": 07	
01	Food Stamp Program Violation
02	WIC Program Violation
03	Failure to Pay
Status Reason Code for "Permanently Withdrawn": 10	
01	Business Integrity

**Figure 4 – State Abbreviation Codes**

State Abbreviation Codes	
State/Possession	Code
ALABAMA	AL
ALASKA	AK
AMERICAN SAMOA	AS
ARIZONA	AZ
ARKANSAS	AR
CALIFORNIA	CA
COLORADO	CO
CONNECTICUT	CT
DELEWARE	DE
DISTRICT OF COLUMBIA	DC
FEDERATED STATES OF MICRONESIA	FM
FLORIDA	FL
GEORGIA	GA
GUAM	GU

HAWAII	HI
IDAHO	ID
ILLINOIS	IL
INDIANA	IN
IOWA	IA
KANSAS	KS
KENTUCKY	KY
LOUISIANA	LA
MAINE	ME
MARMUST ISLANDS	MH
MARYLAND	MD
MASSACHUSETTS	MA
MICHIGAN	MI
MINNESOTA	MN
MISSISSIPPI	MS
MISSOURI	MO
MONTANA	MT
NEBRASKA	NE
NEVADA	NV
NEW HAMPSHIRE	NH
NEW JERSEY	NJ
NEW MEXICO	NM
NEW YORK	NY
NORTH CAROLINA	NC
NORTH DAKOTA	ND
NORTHERN MARIANA ISLANDS	MP
OHIO	OH
OKLAHOMA	OK
OREGON	OR
PALAU	PW
PENNSYLVANIA	PA

**Figure 5 Michigan County List**

<b>Office_Name</b>	<b>County_Code</b>
Alcona County DHS	01
Alger County DHS	02
Allegan County DHS	03
Alpena County DHS	04
Antrim County DHS	05
Arenac County DHS	06
Baraga County DHS	07
Barry County DHS	08
Bay County DHS	09
Benzie County DHS	10
Berrien County DHS	11
Branch County DHS	12
Calhoun County DHS	13
Cass County DHS	14
Cheboygan County DHS	16
Chippewa County DHS	17
Clare County DHS	18
Clinton County DHS	19
Crawford County DHS	20
Delta County DHS	21
Dickinson County DHS	22
Eaton County DHS	23
Charlevoix Emmet County DHS	24
Genesee Co DHS Clio Rd District	25
Genesee Co DHS Union St District	25
Genesee Co DHS North District	25
Gladwin County DHS	26
Gogebic County DHS	27
Grand Traverse Leelanau Co DHS	28
Gratiot County DHS	29
Hillsdale County DHS	30
Houghton County DHS	31
Huron County DHS	32
Ingham County DHS	33
Ionia County DHS	34
Iosco Alcona County DHS	35

Iron County DHS	36
Isabella County DHS	37
Jackson County DHS	38
Kalamazoo County DHS	39
Kalkaska County DHS	40
Kent Co DHS Franklin District	41
Kent Co DHS Sparta District	41
Keweenaw County DHS	42
Lake County DHS	43
Lapeer County DHS	44
Lenawee County DHS	46
Livingston County DHS	47
Luce County DHS	48
Mackinac County DHS	49
Macomb Co DHS Sterling Hgts Dist	50
Macomb Co DHS Mt Clemens District	50
Macomb Co DHS Warren District	50
Manistee County DHS	51
Marquette County DHS	52
Mason County DHS	53
Mecosta Osceola County DHS	54
Menominee County DHS	55
Midland County DHS	56
Monroe County DHS	58
Montcalm County DHS	59
Montmorency County DHS	60
Muskegon County DHS	61
Newaygo County DHS	62
Oakland Co DHS Southfield District	63
Oakland Co DHS Madison Hgts Dist	63
Oakland Co Pontiac Woodward MDHHS	63
Oakland County DHS Recoupment Unit	63
Oceana County DHS	64
Oceana Co DHS MA Accuracy Unit	64
Ogemaw County DHS	65
Ontonagon County DHS	66
Oscoda County DHS	68
Otsego County DHS	69

Ottawa County DHS	70
Presque Isle County DHS	71
Roscommon County DHS	72
Saginaw County DHS	73
Saint Clair County DHS	74
Saint Joseph County DHS	75
Sanilac County DHS	76
Schoolcraft County DHS	77
Shiawassee County DHS	78
Tuscola County DHS	79
Van Buren County DHS	80
Washtenaw County DHS	81
Wayne Co DHS Redford Service Center	82
Wayne Co DHS Southwest Service Ctr	82
Wayne Co DHS Western Wayne CFS	82
Wayne Co DHS Greenfield Joy Dist	82
Wayne Co DHS Inkster District	82
Wayne Co DHS Gratiot 7 Mile Dist	82
Wayne Co DHS South Central CFS	82
Wayne Co DHS Conner Service Center	82
Wayne Co DHS Gr River Warren Dist	82
Wayne Co DHS Taylor Service Center	82
Wayne Co DHS Hamtramck Woody Plaza	82
Wayne Co DHS Grandmont Serv Ctr	82
Wayne Co DHS Greendale District	82
Wayne Co DHS GlendaleTrumbull Dist	82
Wexford Missaukee County DHS	83

### **Additional Information for State Retailer File**

1. A modify transaction will contain all of the current data for a retailer. It does not **just** identify the elements that have changed.
2. The Zip 4 Code field will contain zeroes if the zip code is unknown.
3. If the retailer's mailing address is the same as the location address, the mailing address's character type fields will contain spaces and its numeric type fields will contain zeros. There are some retailers in the file, however, where the same information is reflected in both fields.
4. The initial file, which will be sent at start up, will contain one add transaction for each authorized retailer within the state that is in the STARS database. An authorized retailer will have an authorization status code of "01" (Authorized). A de-authorized retailer would have an authorization status code of "03" (Withdrawn) or "04" (Disqualified) or "07" (Permanently Disqualified) or "10" (Permanently Withdrawn).
5. There are a few retailers that do not have a street address. This is a valid situation in certain cases. For instance, it is possible that the store is not on a street. Such as on an Indian Reservation.
6. Retailers that are involuntarily removed from the Food Stamp Program will be given a five-day grace period after the removal date prior to the notification of the EBT processor. This grace period potentially allows for any appeals of the removal. The exception to this grace period is for permanent disqualifications (an authorization status code of "07") where there is no suspension of the disqualification pending the outcome of an appeal.
7. Retailers that have been added to STARS as a new retailer, with an open date some time in the future, **will be** sent in the daily State Update File as soon as they are entered into STARS. However, these future dated stores **will not be** included in the daily National Update File **until 3 days prior to the entered open date.**

**Attachment E**  
**ALERT Submission Tape Specification**

The most recent version of the USDA and FNS Federal ALERT Submission File Specifications Document will be followed.

**Attachment F  
AMA Record Format for Batch Issuance File from Processor**

**FILE Formats (INCOMING)**

Each batch issuance file received by AMA must be in the format specified below in order for data to be successfully processed.

**Issuance Files**

Processors may send batch files that contain issuance data. Each file is required to have a File Header Record and a File Trailer Record. If the file contains only a File Header Record and File Trailer Record, then the file trailer's File-Record-Count must be 000002 and the file will be treated as an "empty" file.

If the file is not "empty" it must contain at least one project header record, at least one effective date detail record for each project header record, one to five unique detail transaction records for each effective date record, and a project trailer record for each project header. The records should be sequenced in the following manner:

1. Project Header Records should appear in ascending order based on the combination of Agency-Location-Code, Region-Code, Recipient-Organization-ID, Program-Year-Code, and Letter-Of-Credit-Code.
2. Detail Effective Date Records should appear in ascending order within each project based on Effective-Date.
3. Detail Transaction Code Records should appear in ascending order within each effective date based on Transaction-Code.

The following depicts the format of this file:

- File is fixed block
- Record size is 80 characters

**File Header Record**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'FH'
Processor ID	PIC 9(08)	Number which uniquely identifies a processor; FRB Operations will provide this number to each processor before the processor begins transmitting issuance files
File Number	PIC 9(06)	Must be unique for the Project ( If a processor handles more than one state, the beginning file number may vary)
File Creation Date	PIC 9(08)	'CCYYMMDD' format
File Creation Time	PIC 9(06)	'HHMMSS' format
Filler	PIC X(50)	SPACES

**Project Header Record (Duplicate Project Header Records are not allowed within a file.)**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'PH'
Agency Location Code	PIC X(08)	'12350001'
Region Code	PIC X(02)	'09'
Recipient Organization ID	PIC 9(07)	Recipient Organization ID for the project
Program Year Code	PIC X(04)	'0080'
Letter of Credit Code	PIC X(04)	Letter of Credit Code for the project
Index Code	PIC X(12)	'9S6008'

Filler	PIC X(41)	SPACES
--------	-----------	--------

**Detail Record – Effective Date (Duplicate Effective Date Records are not allowed within a project.)**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'PD'
Detail Type	PIC X(02)	'ED'
Effective Date	PIC 9(08)	'CCYYMMDD'
Filler	PIC X(68)	SPACES

**Detail Record – Transaction Code (Duplicate Transaction Code Records are not allowed within an effective date.)**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'PD'
Detail Type	PIC X(02)	'PB'
Transaction Code	PIC X(02)	'IO' (issuance other) 'IS' (issuance) 'RC' (return coupon) 'RE' (return expungement) 'RO' (return other)
Transaction Amount	PIC 9(12 V(02)	
Filler	PIC X(60)	SPACES

**Project Trailer Record**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'PT'
Agency Location Code	PIC X(08)	'12350001'
Region Code	PIC X(02)	'09'
Recipient Organization Code	PIC 9(07)	Must match the Project Header Record
Program Year Code	PIC X(04)	'0080'
Letter of Credit Code	PIC X(04)	Must match the Project Header Record
Index Code	PIC X(12)	'9S6008'
Filler	PIC X(06)	SPACES
Project Total Amount	PIC 9(12 V(02)	Sum of all transaction amounts for current project (will be positive number since each transaction amount is positive)
Project Record Count	PIC 9(06)	Count of all records for current project including Project Header and Project Trailer records
Filler	PIC X(15)	SPACES

**File Trailer Record**

Field	Length/Type	Value/Description
Record Type	PIC X(02)	'FT'
Processor ID	PIC 9(08)	Must match File Header Record
File Number	PIC 9(06)	Must match File Header Record
File Creation Date	PIC 9(08)	Must match File Header Record

File Creation Time	PIC 9(06)	Must match File Header Record
File Record Count	PIC 9(06)	Count of all records in file including File Header and File Trailer records
Filler	PIC X(44)	SPACES

**SAMPLE FILE**

\*\*\*\*\* Top of Data \*\*\*\*\*

```

FHXXXXXXXX00000010000229003710
PH1235000109NNNNNNN0080YYYY9S6008
PDED20000228
PDPBIS00000000255055
PDED20000229
PDPBIS000000003006507
PT1235000109NNNNNNN0080YYYY9S6008  0000003261562000006
FTXXXXXXXX00000010000229003710000008
    
```

\*\*\*\*\* Bottom of Data \*\*\*\*\*

```

XXXXXXXX - Processor ID
NNNNNNN  - RO-ID
YYYY     - Letter of Credit Code for the Project
    
```

**Attachment G  
STARS File Format**

STARS File Record Format Specs  
File Format for STARS

EBT Transmission File (includes the four following record layouts):

**Header Record**

<b>Data Element</b>	<b>Type / Length</b>	<b>Comment</b>
Record Identifier	Num. (1)	Value "1"
Filler	Alpha (1)	Value space
Processor RTN #	Num. (9)	Number which uniquely identifies a processor; FRB Operations will provide this number to each processor before the processor begins transmitting issuance files
Processor Suffix #	Num. (7)	Bank Suffix number or zeros
State Code	Alpha (2)	Alpha State Code
Filler	Alpha (3)	
Date Transmitted	Date	YYMMDD
Time Transmitted	Time Creation Date	HHMM
LOC Number	Num. (4)	Letter of Credit number or state
Filler	Alpha (43)	Value spaces

**Detail Record**

<b>Data Element</b>	<b>Type / Length</b>	<b>Comment</b>
Record Identifier	Alpha (1)	Value space
Transaction Date	Date	YYMMDD
Filler	Alpha (12)	Value spaces
Sign for amount in next field	Alpha (1)	"+" or "-"
Dollar Amount for account for transaction date	Num (9)	XXXXXXXXXX The two rightmost digits represent cents.
FNS Number	Alpha (7)	
Filler	Alpha (44)	Value spaces

**Daily Total Record**

<b>Data Element</b>	<b>Type / Length</b>	<b>Comment</b>
Record Identifier	Alpha (1)	Value "C"
Transaction Date	Date	YYMMDD
Total Detail Count	Num. (6)	Total number of detail records for transaction date
Filler	Alpha (6)	Value spaces
Sign for amount in next field	Alpha (1)	"+" or "-"
Total Dollar Amount of detail records in transaction date	Num (11)	XXXXXXXXXXXX The two rightmost digits represent cents.
Filler	Alpha (49)	Value spaces

**Trailer Record**

<b>Data Element</b>	<b>Type / Length</b>	<b>Comment</b>
Record Identifier	Alpha (1)	Value "T"
Filler	Alpha (6)	Value spaces
Total Detail Count	Num. (6)	Total number of detail records in this transmission
Filler	Alpha (6)	Value spaces
Sign for amount in next field	Alpha (1)	"+" or "-"
Total Dollar Amount	Num (11)	XXXXXXXXXXXX The two rightmost digits represent cents. Total dollar amount for all detail records in this transmission
Filler	Alpha (49)	Value spaces

**Attachment H  
MDHHS WIC Summary Info**

LA #	WIC LOCAL AGENCY	# OF WIC CLINICS	# OF VENDORS	# OF VENDORS_ALL TYPES	# OF WIC PARTICIPANTS	TOTAL FOOD DOLLARS*
08	Barry-Eaton District Health Department	2	20	24	2,186	\$1,533,758.35
09	Bay County Health Department	2	12	18	2,488	\$1,569,680.72
14	Benzie-Leelanau District Health Department	3	8	15	609	\$361,564.00
11	Berrien County Health Department	4	28	31	3,622	\$2,381,766.99
12	Branch-Hillsdale-St. Joseph Community Health Agency	4	21	32	4,127	\$2,730,066.18
13	Calhoun County Health Department	3	18	27	3,929	\$2,958,831.59
06	Central Michigan District Health Department	7	29	55	4,814	\$2,991,015.25
17	Chippewa County Health Department	1	9	11	941	\$575,205.92
90	City of Detroit - Detroit Health Department	21	203	210	21,658	\$20,067,673.13
46	Community Action Agency	2	12	22	1,773	\$1,145,487.50
51	Community First Health Centers	1			2,374	\$1,824,601.38
89	Detroit Urban League	8	(In LA 90)	(In LA 90)	12,508	\$10,778,620.69
22	Dickinson-Iron District Health Department	2	8	20	936	\$586,226.70
43	District Health Department #10	12	47	94	7,332	\$4,590,872.70
04	District Health Department #4	4	14	25	1,485	\$957,644.63
01	District Health Department No. 2	5	17	27	1,656	\$1,165,521.83
25	Genesee County Health Department	10	59	66	10,037	\$7,740,537.64
10	Grand Traverse County Health Department	2	15	24	1,750	\$1,044,006.42
30	Great Lakes Bay Health Centers	5			2,160	\$1,529,647.81
05	Health Department of Northwest Michigan	9	24	51	2,541	\$1,537,527.31
32	Huron County Health Department	3	5	10	665	\$479,273.24
33	Ingham County Health Department	7	36	44	6,456	\$4,381,798.48
15	InterCare Community Health Network, WIC Program	11	54	73	10,053	\$7,092,926.66
37	Ionia County Health Department	1	7	16	1,381	\$942,684.10
38	Jackson County Health Department	1	23	28	4,112	\$2,669,991.41

39	Kalamazoo County Health and Comm. Serv.	7	32	40	5,375	\$1,668,601.64
41	Kent County Health Dept. WIC Program	6	92	111	14,345	\$10,792,067.32
35	Keweenaw Bay Indian Community	3	(In LA 07)	(In LA 07)	224	\$169,547.31
44	Lapeer County Health Department	1	7	13	1,636	\$1,000,775.50
47	Livingston County Health Department	1	19	23	1,478	\$931,914.35
02	Luce-Mackinac-Alger-Schoolcraft District Health Dept.	4	9	13	779	\$556,631.93
50	Macomb County Health Department	4	120	129	10,133	\$8,244,431.63
52	Marquette County Health Dept. - WIC	1	11	16	1,193	\$727,997.97
56	Mid Michigan Community Action Agency	1	8	16	1,299	\$989,274.30
19	Mid-Michigan District Health Department	8	20	40	3,099	\$2,022,389.20
58	Monroe County Health Department	4	15	21	2,486	\$1,677,199.81
63	Oakland County Health Division, WIC Program	9	175	182	12,390	\$9,756,424.50
61	Public Health - Muskegon County	5	36	41	5,351	\$3,844,720.49
21	Public Health Delta & Menominee Counties	2	11	20	1,145	\$879,925.51
73	Saginaw County Department of Public Health	4	37	49	3,253	\$2,529,082.80
76	Sanilac County Health Department	1	11	16	840	\$615,349.20
78	Shiawassee County Health Department	2	10	14	1,546	\$1,136,223.76
74	St. Clair County Health Department	2	23	28	2,998	\$2,126,565.62
45	Tuscola County Health Department	2	7	14	1,376	\$888,484.12
81	Washtenaw Co. Public Health, WIC Clinic	6	38	46	4,497	\$2,762,426.69
82	Wayne County Health Department	13	185	195	20,049	\$16,375,506.44
07	Western Upper Peninsula Health Dept.	6	15	24	1,229	\$777,243.68
40	KALAMAZOO FAMILY HEALTH CENTER (40)					\$2,408,323.58
	<b>TOTAL</b>	<b>222</b>	<b>1,550</b>	<b>1,974</b>	<b>208,314</b>	<b>\$ 154,109,714.40</b>

FOOTNOTES:

\*October 2018 Closeout Participation Data

Total Food Dollars is FY 2017 data and is based on the local agency (LA) where the vendor is located.

LA 40 Closed on September 30th 2017 and was combined with LA 39

## Attachment I Definitions and Acronyms

### State of Michigan – Governmental organization terms and interoffice references:

<b>State:</b>	Shall refer to the State of Michigan, unless otherwise indicated.
<b>DTMB:</b>	Department of Technology, Management, & Budget. DTMB is an executive state department with responsibility for oversight of, and authority over, all purchasing within state government. This charge is pursuant to Section 261 of the Management and Budget Act, MCL 18.1261; MSA 3.516(261). The Department’s objective is to serve the state through the use of sound, prudent, and consistent purchasing practices
<b>DTMB CPS:</b>	DTMB Central Procurement Services is an administration within DTMB that has the statutory responsibility and authority to prepare specifications, establish purchasing agreements’ terms and conditions, and procure goods and services required for the operation of the entire executive branch of state government (see DTMB, above).
<b>FIA –BAFM – Purchasing Section</b>	Purchasing Section is the designated purchase authority for all administrative purchases within the FIA, Budget Analysis and Financial Management (BAFM) Administration, with delegated authority to conduct limited purchase of commodities and services. This Section serves as FIA’s central liaison with DMB. All FIA procurement requests for administrative services, contracts and grants must be submitted to this office for review and final FIA approval before submission to DMB.
<b>MDHHS:</b>	Michigan Department of Health and Human Services, the State Executive agency responsible for the WIC program.

### EBT Acronyms & Terms:

<b>Active Accounts:</b>	Assistance cases with current monthly financial activity are considered “Active Accounts”.
<b>Acquirer:</b>	The Acquiring Bank that provides accounts for merchants. Also called merchant bank. Named because they acquire a merchant’s sales tickets and credit the order value to the merchant’s account.
<b>ACH:</b>	Automated Clearing House, a national banking network for the electronic transfer of payments. See also NACHA.
<b>ACF</b>	Administration of Children and Families, a Federal agency, part of the US Dept of Health & Human Services.
<b>AICPA:</b>	American Institute of Certified Public Accountants
<b>ALERT:</b>	Anti-fraud Locator of EBT Retailer Transactions, a Federal specification.
<b>AMA:</b>	Account Management Agent, the Federal Reserve Bank of Richmond. This system interfaces with ASAP and monitors funding limits, food benefit activity and reconciles accounts as required by USDA, FNS.
<b>ANSI:</b>	American National Standards Institute, an organization that coordinates the development of US voluntary national standards in both public and private sectors.
<b>AR:</b>	Authorized Representative, a person chosen by a cardholder to use food benefits on their behalf.
<b>ASAP:</b>	Automated Standard Application for Payments, a U.S. Treasury institution in Richmond, VA.
<b>ATM:</b>	Automated Teller Machine, used for access to cash benefits.
<b>BIN or IIN:</b>	Bank Identification Number or Institution Identification Number. An 8-digit identifier of the card issuer within the MI EBT program that is encoded on the MI Bridge Card

	magnetic stripe. WIC EBT cards will also be required to provide card security features that meet FNS standards and QOR.
<b>Bridge Card:</b>	Michigan's current magnetic stripe coded card as issued by the current contract holder.
<b>BRSB:</b>	Benefit Redemption System Branch.
<b>Cancellation:</b>	Ending all rights and obligations of the State and Contractor, except for any rights and obligations that are due and owing for services or goods previously delivered.
<b>CAPS, CAPS Device:</b>	Card Activation and PIN selection process. Also used to refer to the device which performs the action of affixing the PIN to the card.
<b>CAV:</b>	Card Authorization Value.
<b>CFR:</b>	Code of Federal Regulations.
<b>Contract:</b>	A legally binding agreement entered into by the State, which may result from awarding a Contractor's proposal. See also "Purchase Order".
<b>Contractor:</b>	A third party legally bound to deliver goods and/or services to the State through a contract.
<b>CPCM:</b>	Cost Per Case Month
<b>CSR:</b>	Customer Service Representative.
<b>DEG:</b>	Data Exchange Gateway. The processor operated by DTMB for facilitating the exchange of electronic files between the State intra-network and entities outside the State network.
<b>DES:</b>	Data Encryption Standard, the encryption algorithm required for the MI EBT program.
<b>DFAP:</b>	Disaster Food Assistance Program.
<b>Dormant Account:</b>	Inactive cases moved off-line are considered " <u>Dormant</u> " and cannot be accessed by the cardholder. The account may be reactivated by the cardholder by contact with the State.
<b>MDHHS:</b>	Michigan Department of Human Services (MDHHS) is the State Executive Department that is responsible for public assistance and child and family welfare.
<b>DMZ:</b>	De-Militarized Zone. A physical or logical subnetwork that contains and exposes an organization's external services to a larger untrusted network, usually the Internet.
<b>DOB:</b>	Date of Birth.
<b>DRPC:</b>	Disaster Relief Program Cash. State Disaster plan for federal cash programs.
<b>EBT Account Number:</b>	A unique state unique identifier for each client of the MI Bridge Card EBT program. Established by the Contractor and capable of tracking all benefits authorized to the client by the State.
<b>EBT:</b>	Electronic Benefits Transfer, a system that enables an authorized group of cardholders' electronic access to State-authorized cash and food benefits.
<b>EFS Host:</b>	Electronic Financial Services provider.
<b>EFT:</b>	Electronic Fund Transfer.
<b>Expiration:</b>	The mutually agreed upon date, emphatically stated within a contract, that identifies the ending and termination date of contractual duties and obligation of the parties to the Contract.
<b>Expunged Account:</b>	Cases without activity for 365 days are deleted or " <u>Expunged</u> " and can not be reactivated.
<b>FAP:</b>	Food Assistance Program. Federally funded U.S.D.A. benefits the U.S.D.A. calls Supplemental Nutrition Assistance Program (SNAP).
<b>FAP Online:</b>	Food Assistance benefits issued via the administrative terminal. Used for program integrity reviews.
<b>FNS:</b>	Food and Nutrition Services, the part of the Federal US Dept. of Agriculture responsible for food assistance.
<b>FRB:</b>	Federal Reserve Bank.

<b>FSAR:</b>	Food Stamp Authorized Representative is a third party who can access food benefits with or without the knowledge of the benefit recipient. Often shortened to AR, or Authorized Representative.
<b>FTP:</b>	File Transfer Protocol, a standard Internet application protocol using TCP/IP.
<b>Inactive Account:</b>	Cases with no financial transactions for 90 days are " <u>Inactive Accounts</u> ".
<b>ISO:</b>	International Standards Organization, specifically ISO 7813 is the standard for the Bridge Card.
<b>IVRU:</b>	Interactive Voice Response Unit - an automated customer service telephone service.
<b>LIHEAP:</b>	Low Income Home Energy Assistance Program.
<b>\$1 LIHEAP:</b>	Issuing this benefit to our Food Assistance Benefits clients entitles the group to the Standard Utility Allowance, which may increase their Food Assistance benefit.
<b>LMAN:</b>	Local Metropolitan Area Network
<b>MAIN:</b>	Michigan Automated Information Network, the State's electronic financial management and accounting system.
<b>MDCH:</b>	Michigan Department of Community Health is the State Executive Department responsible for the WIC program.
<b>Multi-Function POS Equipment</b>	As defined by WIC Regulations; POS equipment obtained by a WIC Authorized Vendor through commercial suppliers that is capable of supporting WIC EBT and other payment tender types.
<b>M-TRACX:</b>	The on-line certification and eligibility system for the WIC division, Department of Community Health.
<b>NACHA:</b>	National Automated Clearing House Association.
<b>Obverse:</b>	The side of the MI Bridge Card displaying the current design, the PAN and cardholder name. The opposite displays signature.
<b>OTC:</b>	Over-the-counter.
<b>PAN:</b>	Primary Account Number, a 16 -19 digit number providing the identity of the card issuer and the client the card was issued to.
<b>PIN Number:</b>	Personal Identification Number. A unique identifier assigned to each user of the EBT card or their Authorized Representative that allow access and use of EBT benefits.
<b>POS:</b>	Point-of-Sale. Electronic devices located in retail locations that allow the EBT client or their authorized representative to access their benefits. Card Activation and PIN selection process. Also used to refer to the device which performs the action of affixing the PIN to the card.
<b>PP:</b>	Third Party/Protective Payee. A third party who can access cash benefits with or without the knowledge of the benefit recipient.
<b>Project Fresh</b>	Michigan's branding of the Farmers' Market Nutrition Program (FMNP); part of the Farmers' Market Nutrition Act of 1992 (P.L.102-314).
<b>Purchase Order</b>	Known in the State as a "Delivery Order" (DO) due to the State's SIGMA system requirements; the main legal document of purchase/order for the State indicating Deliverable/Service work may commence or is needed.
<b>RA:</b>	Refugee Assistance, a specific type of cash assistance within MDHHS that is distributed using the Bridge card.
<b>REP:</b>	Repatriate Assistance.
<b>SAS70:</b>	An auditing standard for conducting periodic audits of an entity to assure adherence to required policies and practices or the identification of areas in which the policies and practices are not being applied.
<b>SDA:</b>	State Disability Assistance, a specific cash assistance program in MDHHS that is distributed using the Bridge card.

<b>Settlement:</b>	The review, balancing and reconciliation of accounts that happens at commercial, State and Federal levels at specified intervals.
<b>SFIP:</b>	State Family Independence Program, a specific State cash assistance.
<b>SNAP</b>	Supplemental Nutrition Assistance Program – Provides food-purchasing assistance for low- and no-income people living in the United States. It is a federal aid program, administered by the United States Department of Agriculture, under the Food and Nutrition Service (FNS), though benefits are distributed by each U.S. state's Division of Social Services or Children and Family Services.
<b>SSAE No. 18:</b>	Statement on Standards for Attestation Engagements, # 18; specifically, is a Government Auditing Standard of the Federal government that is required of the EBT contractor on an annual basis. A CPA or other State-approved independent examiner must conduct the audit and report on its findings to the State of Michigan.
<b>SSI:</b>	Supplemental Security Income, a specific Federal benefit that is not distributed via the MI Bridge Card at this time, but which is under consideration for future addition.
<b>STARS:</b>	Store Tracking And Redemption System. Part of the retailer tracking process.
<b>State:</b>	Refers to the State of Michigan, unless otherwise indicated.
<b>Stated</b>	Refers to disconnecting an EBT card's ability to access account benefits.
<b>TANF:</b>	Temporary Aid to Needy Families, a specific type of Federal cash assistance within MDHHS.
<b>TCP/IP:</b>	Transmission Control Protocol/Internet Protocol, a standard set of communication protocols.
<b>TTP:</b>	Third Party Processors, devices found in most retail stores that allow tracking and processing of transactions using most debit and credit cards. The devices are owned and maintained by a third party, not the State or the EBT contract holder.
<b>UPC:</b>	Uniform Product Code.
<b>USDA:</b>	United States Department of Agriculture.
<b>WIC:</b>	Special Supplemental Nutrition Program for Women, Infants and Children, a food assistance program within the Department of Community Health.

**Attachment J  
DHHS SNAP EBT and WIC EBT SERVICE and SUPPORT REQUIREMENTS and ASSOCIATED DELIVERABLES**

<b>SERVICE AREA</b>	<b>REQUIREMENTS</b>	<b>DELIVERABLES</b>
Project Planning and Management	The Contractor must develop and maintain plans and documentation that supports effective control, coordination and management of the project. This documentation must be effectively maintained throughout the life of the project. Deliverables will be used by both the State and the Contractor to coordinate and manage tasks and process in the project. The Work Plan deliverable must be automated using a project management tool of sufficient power to adequately support the entire project. The State must receive a system/software package capable of viewing/monitoring the automated Work Plan. The format and content of these deliverables needs to be proposed.	Work Plan – Including Automated tracking and ongoing update reports Status Reports. Biweekly status summaries that confirm progress and highlight tasking and key issues.  Draft Project Plan – Draft Project Validation Criteria and Evaluation Plan State-wide Implementation Plan
Project Facilitation	The Contractor must demonstrate experience and expertise in providing EBT or EFT processing and/or services. The Contractor must be able to identify areas of service that require federal waivers or permissions, or that have state/local regulatory, policy or legal implications. The Contractor must provide initial and ongoing identification and tracking of waivers and actions to facilitate EBT deployment.	EBT Waiver Tracking Report and status updates.  Client Services Plan
Marketing and Retailer Recruitment and POS Deployment and Maintenance	The Contractor must work with the state to identify the number of retailer locations, the POS lanes needed to support state-wide EBT service provision, and the current POS system status of these retailers. This will be done using State provided guidelines and in accordance with FCS Regulations as applicable. Where necessary, this will include border area locations. The result will ensure adequate access to cash and SNAP benefits in compliance with FCS regulations, ACF guidelines, and State requirements and law.	State Retailer List and POS Lane Count Assessment of Client Shopping Patterns Assessment of POS Distribution Points Retailer Agreements (Food & Non-food)

	<p>The Contractor must define the equipment devices and network specifications (local and POS site to transaction processor) necessary to support EBT processing at all identified POS locations. The equipment/network solution must address the ability to support transactions for the programs currently bid, and be able to support (or be easily upgraded to support) additional programs that may be added for EBT support in the future. With these specifications, the Contractor must work with retailers and develop an effective plan for upgrading/provisioning POS for current and future potential services.</p>	<p>EBT POS Equipment/Net Specifications Retailer Provisioning and/or upgrade Plans for all Participating Retail Groups</p>
	<p>The Contractor must assess the retailer market, carry out marketing and recruitment to gain a participation rate for eligible retailers satisfactory to the State and in compliance with Federal regulations.</p>	<p>Retailer Market Analysis Retailer Recruitment Plan Delivered Participating Retailers</p>
	<p>The Contractor must provide support services for all POS devices deployed by the Contractor.</p>	<p>POS terminal maintenance plan and services description Deployed POS and other equipment Complaint Maintenance Service Record</p>
<p>Bank Processor Recruitment (<b>EBT only</b>)</p>	<p>The Contractor must seek to provide ATM participation and recruit involvement and acceptance of banks to subscribe to the EBT service environment. The Contractor shall be a member of at least one network that supports access to ATM's state-wide. The objective will be to provide sufficient access at ATM location to meet the requirements of compliance with FCS regulations, ACF guidelines, and State requirements and law. The Contractor must specify the ATM standards and support networks required for participation with the Michigan EBT system.</p>	<p>Bank system location analysis Bank market analysis Bank system recruitment plan Delivered Participating systems/bank locations ATM technical/Net Specifications</p>

Training	<p>Significant training may be required for effective contract conversion. Training may be required for State and local workers, participating retailers, and benefit recipients.</p>	<p>Master training plan</p>
	<p>Administrative Training. To the extent that workers support EBT they will need to be trained by the Contractor. As required, they will need to effectively support EBT. Worker tasks may include work with benefit recipients to help them regarding EBT policies and procedures, access to interface equipment, to provide card issuance or to provide other EBT related tasks and to interface with the Contractor information including the IVRU/Help desk.</p>	<p>State/local personnel training plan                      Training materials (outlines or prototypes may be submitted as drafts for videos)                      Test delivery and training effectiveness evaluation                      Delivered Training Sessions</p>
	<p>Retailer Training. Participating and many prospective retailers may need technical and procedural training for set up, implementation and ongoing operations.</p>	<p>Retailer training plan                      Training materials                      Test delivery and training effectiveness evaluation                      Delivered Training Activities</p>
	<p>Client Training. Training must be provided for initial and ongoing training of benefit recipients. This training must be responsive to each type of benefit program.</p>	<p>Benefit recipient training plan                      Training Materials                      Test delivery and training effectiveness evaluation                      Delivered Training Activities</p>

<p>Operational Services and Interface Development</p>	<p>The services being developed under this EBT contract have programmatic, operational, technical, performance, and rule compliance aspects to them. The Contractor must provide each service/function required under this bid in a way that:</p> <ol style="list-style-type: none"> <li>1. Meets the requirements of this RFP;</li> <li>2. Performs in terms of timing, accuracy, comprehensiveness and consistency;</li> <li>3. Provides technical effectiveness for interfaces and processes;</li> <li>4. Meets the regulations, program requirements, performance standards, and timing for each program serviced under the EBT contract; and,</li> <li>5. Works in an operational sense for all participants (State, retailers, and recipients).</li> </ol> <p>The Contractor will provide a series of important development, and service provision deliverables. These will apply for each program, for each service. The overall service plan will indicate the methods and processes for aggregating and handling traffic across programs for on-line and batch mainframe to mainframe transactions in support of service provision. The general guidelines and requirements for many transactions are provided in the ITB. The deliverables must be of sufficient detail and clarity to permit a clear end to end operational and technical tracing of each transaction type for each program.</p>	<p>Detailed service provision description by program</p> <p>Detailed interface specifications by program by transaction for State to/from Contractor data flow and including transaction flows, data structures and crosslinks and operational and technical transaction management. This includes manual to system/and reverse transactions such as SNAP cashouts.</p> <p>Multi-program Service Plan describing the methods for ongoing multi program management and work flow</p> <p>Contingency plans for inclusion of future and/or optional programs, processing requirements</p> <p>State/Contractor interface development tracking and monitoring system to support effective interface development.</p>
	<p>IVRU and Help Desk services are particularly important for the EBT system. The Contractor must specify the process flows and suite of service scenarios to address all facets of deliverables that are expected to be completed by the prospective bidder.</p>	<p>IVRU/Help Desk Service Plan</p> <p>IVRU/Help Desk Performance levels</p>

<p>Development and Conversion Services</p>	<p>While this is a services contract, the services are based on automated processing. It is expected that some modification or development will be needed to support the services envisioned under EBT. Therefore, some aspects of a system development project are necessary. A significant portion of the focus in this area will be the state-to-Contractor automated interfaces and assurance of effective and accurate processing within the EBT Contractor's system for State processing requirements. Several deliverables are required in this regard. The Contractor will be expected to work very closely with State Information Technology teams for guidance and development of effective interfaces, identification of impacts of state systems, equipment requirements across the state and so forth. Overall, the State expects to minimize state resource requirements. The Contractor will provide all leased lines and network interfaces.</p>	<p>State system resource requirements plan  EBT system resource Plan  Network requirement plan for new state system linkages  EBT General technical design  EBT Detailed technical specifications (processing, operations, interfaces, lines, devices, data rates, terminal specifications and so forth)  EBT Security Plan  Transition Plan and Monitoring Process  System Operations Manual  Test Plan  Testing</p>
<p>Reporting Services</p>	<p>The Contractor must provide the required reports on an ongoing basis. This includes all data tapes/files provided for State use in the development of internal analyses and reports. See ITB for a list of required reports.</p>	<p>Reporting Services Plan  Report Delivery</p>

<p>Fraud Reporting Requirements</p>	<p><b>Account Activity Transactions Types</b> - transaction type 309</p> <p><b>Adjustment Activity Detail Record</b> (Including Dispute Detail)</p> <p><b>Cash Transaction Detail Transactions</b> including ATM Locations</p> <p><b>Customer Service/ IVRU</b> shall provide detailed reporting including the phone number used by the recipient and phone call recordings being made available to MDHHS. IVRU reporting shall include : Recipient ID, First Name, Last Name, Phone Number, Transactions Type, Card Number (as full card number), Account Verification Method, recording indicator (with defined codes to identify if there is a record of the phone call, or if it was completed via the automated system/no phone recording available</p>	<p>Fraud Reporting Reports and Datasets.</p>
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## **Attachment K Michigan Security Requirements**

### **Protecting UserIDs and Passwords:**

- a) Access to State of Michigan applications and IT resources shall be based on the privileges and requirements needed for employees and trusted partners to perform work functions (need-to-know) for or on behalf of the State.
- b) All users should be aware of the Acceptable Use Policy (Link), their responsibilities, and legal obligations.
- c) A Designated Person (DS) to provide user account management. This person(s) would be responsible for creation, activation, modification and removal of user accounts. The DS should also monitor accounts including and not limited to special accounts such as generic and anonymous account. The DS should also properly identify authorized request.
- d) A username is issued to an individual for the duration of that individual's affiliation with the State
- e) Access to information on the State network and systems is controlled through unique user identification codes and passwords. UserIDs/Passwords verify that the individuals accessing States systems and information are authorized as well as provide a mechanism for tracking and auditing related staff activities.
- f) Everyone assigned a userID and password is accountable for any activity performed under his or her ID. Employees must not share userIDs and passwords. Additionally, userIDs and passwords must be confidential and protected so that unauthorized personnel do not gain access to (company) systems, information or facilities.
- g) Passwords must never be stored in clear text. Users must not hard code any username/passwords in scripts or clear text files such as system shell scripts, batch jobs, or word processing documents.
- h) Passwords must not be inserted into email messages or other forms of electronic communication

### **Creating and Changing UserIDs and Passwords:**

All State user/employee accounts must be uniquely identified by a username. The format of the username is dependent on the type of account.

A username is issued to an individual for the duration of that individual's affiliation with the State.

### **Account Status**

The status of a user account may be (a) active, (b) expired, (c) closed (deactivated) or (d) withdrawn (restricted).

- a) An active account is a fully operational account
- b) An expired account is one where the account password has expired and is required to be reset before the account can be used.
- c) closed (deactivated) account is one where access to the account is revoked given that the account holder no longer satisfies the criteria for holding that type of State account. The State retains closed accounts for a defined period after which time they are deleted. Until deleted the account can be reinstated to the account holder.
- d) A withdrawn (restricted) account is one where the users' access to the account is withdrawn in advance of the official closure of the account.

### **UserID – Account Requirements:**

- a) Account lockout threshold = 3 invalid attempts
- b) Account deactivation = 7 calendar days after separation from position
- c) Account removal = 12 months after inactivity

Password Configuration Requirements:

- a) Password length = 8 characters
- b) Minimum password age = 1 day (required to change after 1 day assigned/reset)
- c) Maximum password age = 90 days
- d) Password character make-up = alpha-numeric
- e) Non alphanumeric characters (for example: !\$,%) ???
- f) Maximum password attempts = 3
- g) Maximum password history = 10
- h) Password Timeout = 30 minutes

Screen-saver requirements:

STATE M/1 screen-saver timeout = 10 minutes unless a business case or exception request is submitted to justify changing the timeout.

Employee Departure:

It is the responsibility of the employee's manager to conduct an exit interview with the departing employee using the DIT Employee Departure Checklist (DIT-0034).

Definitions

**Minimum password age** – the number of days that must pass before a user can change his or her password.

**Maximum password age** – the number of days that a password can be used before the system requires the user to change it.

**Minimum password history** – this setting determines the number of unique new passwords that have to be associated with a user account before an old password can be used. It also rejects new passwords that are too similar to previous passwords.

**Minimum password length** – this setting determines the minimum number of characters that user's password must contain. A minimum length of eight characters is considered standard.

**Attachment L  
Michigan Waivers**

At the time of the contract execution, the SNAP EBT waivers Michigan has include:

<u>State</u>	<u>Waiver Type</u>	<u>Status</u>	<u>Implementation</u>	<u>Expiration</u>
MI	Debit Adjustment-No hold	Approved	11/01/2020	09/14/2030
MI	PIN Selection Via AVR	Approved	11/01/2020	09/14/2030
MI	POS Reinstallation Fees	Approved	11/01/2020	09/14/2030

**Attachment M**  
**Michigan EBT Report Listing**

**Daily Reports**

1.     **ACH Rpt**  
FNS Retailer Transaction report. With totals.  
  
DEST DFI     FNS Number   Amount   Processor Name   Orig DFI   Trace Number
  
2.     **Account Activity Rpt**  
Lists all transactions that occur daily. With totals.  
  
File type (Batch)   Entry Date/Time   Program   Transaction Type   Case NBR   PAN   Amount
  
3.     **Adjustment Activity Detail Rpt**  
Lists daily mutual adjustments.  
  
Case NBR   Cardholder Name   Serv Site   Pgm   Claim NBR   CRD/DEB   Orig.amt   Claim Amt   Claim Reason/Date  
  
Status Change&Date   Merchant FNS NBR & Info
  
4.     **Card Issuance/Replacement Details Rpt.**  
Daily list of all cards issued either new or replacement. With totals.  
  
Cardholder Name   Case Number   New Card Number   Old Card Number   Reason   Issuance Date/Time
  
5.     **Clearing Report**  
Lists benefits (cash benefits LIHEAP, FIP etc. and FS, FS Online, Unapplied and Disaster,) and the amounts cleared daily.  
Program Type   Program Name (Cash etc.)   Sub-Program   Amount
  
6.     **Database Value Rpt By Program**  
Ex. Cash   Provides a listing of adjustments, voucher settlement, benefit auths, benefit cancels, expungements, repayments, transaction fees, purchases, reversals, returns, withdrawals, voids, other.
  
7.     **Reversals Activity Rpt**  
Lists daily reversals (benefits returned to the card during shopping transactions).  
  
Program   Case Number   Case Name   Amount   Post Reversal Balance   Time   Type

- 8. **Refund Activity Rpt**  
 Program Case Number Case Name Amount Post Refund Balance Time Type
- 9. **Void Last Activity Rpt**  
 Program Case Number Case Name Amount Post Void Last Balance Time Type
- 10. **Retailer Adjustment Rpt**  
 Retailer ID Name Bus Date Type Amount Entered Time Claim Number
- 11. **ACH IOP Rpt**  
 Detail trans code DEST DFI FNS Number Amount Proc ID Processor Name Orig DFI Trace Number
- 12. **Transaction Statistics by Type Rpt (by program)**  
 Offers stats on whether the transaction was Good, NSF, Invalid PIN, Invalid Card Stat, Other, and the amount across the following transaction types: ATM Balance Inq., ATM cash withdrawal, balance inquiry, cash purch w/cashback, cash wdrowal, client ATM withdrawal fee, expunge due to inactivity, expunge non EFF inactivity, reversal credit, SIVR balance inq., transaction fee debit, transaction fee reversal credit, and totals.
- 13. **Retailer Manual Entry Summary Cash Rpt**  
 Processor Store FNS NBR Date Manual Entries Daily Amount
- 14. **Retailer Manual Entry Summary Food Assistance Rpt**  
 Processor Store FNS NBR Date Manual Entries Daily Amount
- 15. **Retailer Manual Entry Detail Rpt (by store)**  
 Date/Time Terminal ID Transaction Type Case Number Card Number Amount FNS NBR
- 16. **Missing Demographic Report**  
 Case Number Auth Number Program Amount Available Date (plus report totals)
- 17. **Repayment Rpt**  
 Service Site Case Number Transaction Date/Time Login Benefit type Auth NBR Req AMT Repay Amount
- 18. **Terminal Activity Rpt By TPP**  
 Settlement Date Processor Name Terminal ID Entry Date Case Number Trans Typ Card NBR Amount (plus report totals by adjustments, voucher authorizations, voucher settlement, transaction fees, purchases, reversals, returns, withdrawals, voids, other.
- 19. **Returned Card Rpt**

Service site Case NBR Cardholder Name Card Number Date/Time Login

**20. Food Assistance Redemption Rpt**

Processor Withdrawal Refunds Reversals Void Last Adjustments Total  
 NBR FNS NBR Activity Date Count Amt Count Amt Count Amt Count Amt Count Amt Count Amt Due

**21. Administrative Terminal Benefit Auth Rpt**

Benefit Cash Food Assistance  
 Type Count Amount Count Amount  
 Online

**22. Unavailable Benefits Rpt**

Date Avail Case NBR Benefit Auth NBR Benefit Month Benefit Amount Benefit Program Benefit Type

**23. Voucher Authorization Rpt**

Voucher APRV Entry FNS/Proc Retailer  
 Case NBR NBR NBR Auth Date Date/Time NBR Name Card NBR Amount Current Status Type

**24. Voucher Expiration Rpt**

Voucher Approval Case Auth Entry FNS/PRO Retailer Card Auth Expiration  
 NBR Number Date Number Name Number Amount Type Date

**25. Voucher Settlement Rpt**

Voucher Approval Case Auth Settle FNS/PRO Retailer Auth Settle Vcher Settlement  
 NBR Number Date Number Name Amount Type

**Monthly Reports**

- 26. **Access Definition Rpt**  
 Service Site    Login            User Name    Group ID    Role ID    Role Name    Status Change Date
  
- 27. **Administrative Terminal Failed Logon RPT**  
 Service Site    User Name    Login    Entry Date/Time    Failure Reason
  
- 28. **Administrative Terminal Last Access Rpt**  
 Service Site    User Name    Login    Last Access Date/Time
  
- 29. **After Hours Transactions Rpt**  
 Case NBR    Cardholder Name    Card Number    Type    Amount    Date/Time    FNS NBR
  
- 30. **Monthly Billing Rpt**  
 Case NBR    Date Available    Benefit Auth NBR    Benefit Month    Benefit Amount    Benefit Program    Sub Program  
  
 This report also totals active cases by cash, food only, and combined, atm fees, and card issuance information.
  
- 31. **CAV Exception Rpt**  
 Pan    Case NBR    Amount    Date and Time    Card Acceptor ID    FNS NBR    Ret Rep NBR    Transaction Type
  
- 32. **Card Issuance Tracking Rpt**  
 Service Site    Cardholder Name    Case Number    Issuance Count    Last Issuance Date/Time
  
- 33. **Card Issuance/Replacement Details Rpt (**  
 Cardholder Name    Case Number    New Card Number    Old Card Number    Reason    Issuance Date/Time
  
- 34. **Card Issuance/Replacement Rpt**  
 Cardholder Name    Case Number    New Card Number    Old Card Number    Reason    Issuance Date/Time  
  
 This report also totals replacement card reasons by OTC, Mail, Total and by Replacement and New Issuance.
  
- 35. **Cash Withdrawal Reimbursement Rpt**  
 Service Site    State Unique ID    Card    State PD Ca/Wd    State PD Fee AMT    Client pD Ca/Wd    Client PO Fee AMT
  
- 36. **Even Dollar Transaction Rpt**  
 Case NBR    Cardholder Name    Card NBR    Type    Amount    Date/Time    FNS NBR    Retailer Name
  
- 37. **Exceeded PIN Attempts Rpt**

Case NBR Cardholder Name Card NBR Date/Time Retailer Name FNS NBR

**38. Full FOOD Assistance Balance Withdrawal Rpt**

Case NBR Cardholder Name Card NBR Date/Time Transaction Amount Store Name Ret ID

**39. Host Response Time Rpt**

This report includes response time in seconds by transaction type and by Day of Month. It includes FS purchase, Cash purchases, Cash withdrawals, Cash purchase w/cashback, FS returns, balance inquiries, Elect Voucher Settlement, void last credit, reversal credit, reversal debit, and voucher return settlement.

**40. Transactions Attempted on Invalid Card Rpt**

Case NBR Cardholder Name Card Number Card Status Transaction Type Amount Date/Time FNS NBR

**41. Excessive Dollar Food Assistance Transaction Rpt**

Case NBR Cardholder Name Card Number Transaction Type Amount Date/Time FNS NBR Retailer Name

**42. Excessive Food Assistance Return Transaction Rpt (by service site)**

Case NBR Cardholder Name Card Number Amount Date/Time FNS NBR Retailer Name

**43. Transaction Statistics by Day Rpt**

This report is separated as Cash, FS and N/A data.

Invalid Date	Other Good	Good NSF	to Total PIN	Day to Period Card	Amount	Count %	Count %	Amount
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**44. Management Statistical Rpt**

Benefit Site Benefits Authd Active cases Active cards Issued Type of transactions Count

This report also provides state wide totals at the end of the report.

**45. Manual Card Entry Rpt**

Case NBR Cardholder Name Card Number Transaction Type Amount Date/Time FNS NBR Retailer

**46. Monthly Out-Of-State Activity Rpt**

Service Site Case NBR Card Number Date/Time City St Type Transaction Type Amount RESP Code

Although Site, Case NBR and Card Number appear as headings, the report doesn't populate those fields. Totals by program type appear at the end as number approved and denied, total count and total amount by transaction type.

**47. Monthly Transaction Fee Rpt**

Fee Type	Count	Amount
Cash w/drawal		
Cash w/drawal fee reversal		
ATM cash w/drawal		
ATM cash w/drawal fee reversal		
ATM surcharge fee debit		
ATM surcharge fee debit reversal		
ATM surcharge fee credit		
ATM surcharge fee credit reversal		

**48. Monthly Utilization Rpt**

Ret ID	Retailer Name	Prog Type	Trans Type	Count	Amount
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Monthly statewide totals are provided at the end and are broken out by program type and transaction type, count and amounts

**49. Multiple Transactions within 1 hour Rpt**

Case NBR	Cardholder Name	Card Number	Amount	Date/Time	FNS NBR	Retailer
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Statewide totals appear at the end.

**50. Network Statistical Rpt**

POS Date	Cash Trans Count	POS Food Assistance Trans Amount	ATM Trans Count	ATM Trans Amount
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**51. ACH POS Supply Credit Rpt**

Detail trans code	DEST DFI	FNS Number	Amount	Proc ID	Processor Name	Orig DFI	Trace Number
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**52. Purchase Transaction Summary Rpt**

Total Counts				Total Amounts	
Good	Invalid PIN	NSF	Others	Good	Denied
FS					
Cash					
ATM					

**53. Transaction Denial Summary Rpt (by service site)**

Cardholder	Card	Response	Transaction
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Case NBR	Name	Number	Status	Type	Amount	Date/Time
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This report also provides totals by response, Count and %, by reason for denial.

**54. Voucher Authorization Rpt**

Voucher	Apprvl	Auth	Entry	FNS/PROC	Retailer	Current			
Case NBR	Number	Date	Date/Time	NBR	Name	Card NBR	Amount	Status	Type

This report totals by FS purchase or return by canceled and approved counts and amounts.

**55. Account Activity Transaction Types**

Balance inquiries which include transaction type 309 (Account Activity Detail Record).

**56. Adjustment Activity Detail**

Includes Recipient ID and the dispute status data.

**57. Transaction Detail Records**

Includes transaction details including a link to the POS/ATM ID to provide the location of the store or ATM used.

**58. IVRU/Customer Service contact report.**

Report to include a list of all IVRU calls, accounts accessed, user information, account verification method used on the call, recordings must be made available to the State of Michigan of all customer service phone calls, records of account contacts must be made available via a daily file/report. Report must display the phone number used to make contact to customer service to validate accounts.

Data fields to include: Recipient ID, First Name, Last Name, Phone Number, Transaction Type, Card Number (full), Account Verification Method, indication of recorded call (with defined codes to identify if there is a recording or if it was completed via automated system).

Phone Number used to call in for balance inquiries, reporting cards lost/stolen and PIN changes to be displayed in the detailed transaction screen.

**59. Online Account Access**

Report shall include data on every system account creation, account log in, all associated IP addresses, UserID. Data will be made available to the State of Michigan in a daily flat file provided to the MDHHS data warehouse team.

**60. MI FAP Quarterly Boilerplate Report**

Ad HOC report to be made available in the State of Michigan MDHHS Data Warehouse.

Report shall include the total number of FNS approved retailers and shall include the following information.

FNS number	Processor ID	Retailer Name	Address
City	State	ZIP code	Business Phone
Retailer Status	Processor Name	Terminal Description	Monthly Ave Redemption
Business Type			

\*\* The State of Michigan can provide an example of this report, if necessary.

**61. Quarterly Report of Total Number of active/approved ATMs.**

**Ad HOC report shall include the following data fields:**

Name of ATM	Address	City	State
Terminal ID	Surcharge		

\*\* The State of Michigan can provide an example of this report, if necessary.

**62. Excessive Card Replacement Report**

Report shall include both WIC and EBT card replacements.

Report shall maintain a rotating balance of card replacements in a 12 month window.

Report shall include the following data fields:

Case/Recip Number	Special Needs Indic	Country# of cards Replaced
Date/Time Requested	Activity on Card	First Name Last Name
Address	Address Line 2	City State and ZIP

\*\* The State of Michigan can provide an example of this report, if necessary.

**63. Deactivation Log Report (EBT)**

Report shall include all liquor stores, casinos and gambling establishments and adult entertainment establishments where EBT card access is blocked.

Report shall include the following data fields:

Rollup data for all blocked ATMs.

Rollup data for all blocked POS devices.

Rollup summary data by tabs.

Rollup summary by categories.

Rollup data for exceptions granted.

Rollup for De-Authorized Exceptions.

**64. Online Purchasing Data Report**

Ad Hoc report to be made available to state including the following data fields:

Billing and shipping addresses

Transaction codes to differentiate between online and in person payments.

IP address information related to all online purchases.

Order number for each transaction (to allow the state to identify orders with multiple EBT cards being used).

**65. Customer Service IVR and CSR Report**

IVR calls received/answered, IVR handled, CSR Opt out, number of IVR and CSR minutes, Retailer IVR and CSR minutes, calls by language. Abandon calls. Average speed to answer. Total minutes.

**Attachment N**  
**Excessive Card Letter 4th**



STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

Gretchen Whitmer  
GOVERNOR

Robert Gordon  
DIRECTOR

Recipient Name  
Address Line 1  
Address Line 2  
City, State Zip Code

Dear EBT Cardholder:

This is a warning letter. Our records show that you have ordered your fourth (4<sup>th</sup>) EBT replacement card within the past twelve (12) months. If you order five (5) or more replacement cards within a 12-month period, you will be required to visit your Michigan Department of Health and Human Services (MDHHS) local office and speak with the MDHHS District Manager or County Director before you will receive an additional replacement card. Please take care of your card and avoid the delay of having to meet with the MDHHS District Manager or County Director to explain the reasons for replacing your card so frequently.

Please be advised that your EBT account will continue to be closely monitored. Listed below are the trafficking violations of the Supplemental Nutrition Assistance Program (SNAP). It is considered Misuse or Trafficking of SNAP benefits if you do any of the following with your EBT card:

1. Sell, trade or give it away
2. Purchase alcoholic beverages, tobacco or other non-food items
3. Trade it for illegal drugs
4. Trade it for firearms, ammunition or explosives
5. Use it to pay on a credit/charge account regardless of the items that were charged
6. Allow a non-household member to use the EBT card to buy groceries for themselves
7. Purchase beverages with bottle deposit, dump the contents and return the bottle for cash deposit.

If you are found to have committed any of the above SNAP trafficking violations, the penalties could include: suspension from receiving SNAP benefits, jail time, or fines. If suspended from receiving SNAP benefits, the timeframes for suspension range from one year to life depending on the violation.

Your EBT card is designed for frequent use and should last for many years without the need for a replacement. Benefits are reloaded on the same EBT card every month.

235 SOUTH GRAND AVENUE • P.O. BOX 30037 • LANSING, MICHIGAN 48909

**Attachment O**  
**Excessive Card Letter 5th**



STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

Gretchen Whitmer  
GOVERNOR

Robert Gordon  
DIRECTOR

Recipient Name  
Address Line 1  
Address Line 2  
City, State Zip Code

Dear EBT Cardholder:

Our records show that you have ordered 5 or more EBT replacement cards in the past twelve (12) months. Because you have ordered five (5) or more replacement cards within a 12 month period, you are required to visit the Michigan Department of Health and Human Services (MDHHS) local office and speak to a MDHHS District Manager or County Director before an additional replacement card will be issued. Please call your local MDHHS office immediately to avoid a delay in accessing your benefits

Please be advised that your EBT account will continue to be closely monitored. Listed below are the trafficking violations of the Food Assistance Program (FAP). It is considered Misuse or Trafficking of FAP benefits if you do any of the following with your EBT card:

1. Sell, trade or give it away
2. Purchase alcoholic beverages, tobacco or other non-food items
3. Trade it for illegal drugs
4. Trade it for firearms, ammunition or explosives
5. Use it to pay on a credit/charge account regardless of the items that were charged
6. Allow a non-household member to use the EBT card to buy groceries for themselves
7. Purchase beverages with bottle deposit, dump the contents and return the bottle for cash deposit.

If you are found to have committed any of the above FAP trafficking violations, the penalties could include: suspension from receiving FAP benefits, jail time, or fines. If suspended from receiving FAP benefits, the timeframes for suspension range from one year to life depending on the violation.

Your EBT card is designed for frequent use and should last for many years without the need for a replacement. Benefits are reloaded on the same EBT card every month.

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**Attachment P**  
**SNAP EBT and WIC EBT Report List**

**EBT Daily Reports**

ACCOUNT BENEFIT TRANSFER REPORT Daily  
DAILY ACH DAILY REPORT Daily  
ACCOUNT ACTIVITY REPORT (RPT001) Daily\*\*  
    \*\* Adjustment Activity Report yielded no results in multiple attempts.  
ADJUSTMENT ACTIVITY DETAIL (RPT250) Daily  
ADMINISTRATIVE ACTIVITY REPORT (RPT006) Daily  
CARD ISSUANCE/REPLACEMENT DETAILS REPORT (RPT014) Daily \*\* Report also Monthly  
Card Mailer Report Example (Monthly)  
CLEARING REPORT (RPT003) Daily  
DATABASE VALUE REPORT (RPT004) Daily  
REVERSALS ACTIVITY REPORT (FIN007) Daily  
REFUND ACTIVITY REPORT (FIN009) Daily  
VOID LAST ACTIVITY REPORT (FIN010) Daily  
RETAILER ADJUSTMENT REPORT (FIN012) Daily  
ACH IOP REPORT Daily  
TRANSACTION STATISTICS BY TYPE REPORT (MGT005) Daily  
RETAILER MANUAL ENTRY SUMMARY REPORT FOR CASH (MGT050CA) Daily  
RETAILER MANUAL ENTRY SUMMARY REPORT FOR FOOD STAMP (MGT050FS) Daily  
RETAILER MANUAL ENTRY DETAIL REPORT FOR CASH (MGT051CA) Daily  
RETAILER MANUAL ENTRY DETAIL REPORT FOR FOOD STAMP (MGT051FS) Daily  
MISSING DEMOGRAPHIC REPORT (RPT650) Daily  
REPAYMENT REPORT (RPT602) Daily  
TERMINAL ACTIVITY REPORT (RPT002) Daily  
RETURNED CARD REPORT (RPT101) Daily  
FOOD STAMP REDEMPTION REPORT (FNS002) Daily  
TERMINATED CARD ACTIVITY REPORT Daily  
ADMINISTRATIVE TERMINAL BENEFIT AUTHORIZATION REPORT (RPT007) Daily  
UNAVAILABLE BENEFITS REPORT (RPT005) Daily  
VOUCHER AUTHORIZATION REPORT (RPT008) Daily  
VOUCHER EXPIRATION REPORT (RPT010) Daily  
UNAVAILABLE BENEFITS REPORT (RPT005) Daily  
VOUCHER SETTLEMENT REPORT (RPT009) Daily

**EBT Monthly Reports**

ATMs Report RPT050 Monthly  
ACCESS DEFINITION REPORT (RPT050) Monthly  
ADMINISTRATIVE TERMINAL FAILED LOGON REPORT (RPT033) Monthly  
ADMINISTRATIVE TERMINAL LAST ACCESS REPORT (RPT032) Monthly  
AFTER HOURS TRANSACTIONS REPORT - 2AM TO 5AM (RPT027)  
MONTHLY BILLING REPORT (RPT036) Monthly  
CAV EXCEPTION REPORT (RPT650) Monthly  
CARD ISSUANCE TRACKING REPORT (RPT035) Monthly  
CASH WITHDRAWAL REIMBURSEMENT REPORT (RPT049) Monthly  
EVEN DOLLAR TRANSACTION REPORT - \$40 OR MORE (RPT019) Monthly  
EXCEEDED PIN ATTEMPTS REPORT (RPT025) Monthly  
Excessive Card Replacement Report Monthly  
FULL FOOD STAMP BALANCE WITHDRAWAL REPORT - \$150 OR MORE (RPT026) Monthly  
HOST RESPONSE TIME REPORT (RPT223) Monthly  
TRANSACTIONS ATTEMPTED ON INVALID CARD REPORT (RPT024) Monthly  
EXCESSIVE DOLLAR FOOD STAMP TRANSACTION REPORT - 5 @ \$100 OR MORE (RPT020) Monthly  
EXCESSIVE FOOD STAMP RETURN TRANSACTION REPORT - \$50 OR MORE (RPT022) Monthly  
TRANSACTION STATISTICS BY DAY REPORT (MGT007) Monthly  
MANAGEMENT STATISTICAL REPORT (RPT220) Monthly  
MANUAL CARD ENTRY REPORT (RPT023) Monthly  
MONTHLY OUT-OF-STATE ACTIVITY REPORT (RPT013) Monthly  
MONTHLY TRANSACTION FEE REPORT (RPT018) Monthly  
MONTHLY UTILIZATION REPORT (RPT221) Monthly  
MULTIPLE TRANSACTIONS WITHIN 1 HOUR REPORT - \$50 OR MORE (RPT021) Monthly  
NETWORK STATISTICAL REPORT (RPT222) Monthly  
ACH POS SUPPLY CREDIT REPORT (SUP001) Monthly  
PURCHASE TRANSACTION SUMMARY REPORT (SRR002) Monthly  
TRANSACTION DENIAL SUMMARY REPORT (RPT017) Monthly  
VOUCHER AUTHORIZATION REPORT (RPT008) Monthly

**EBT Customer Service/IVRU reports.**

Customer IVR calls by date.

Retailer IVR calls by date.

Customer calls to the call center (summary)

Retailer calls (summary)

Client calls by type

Retailer calls by type

### Michigan WIC – EBT System Reports

Report Name	Frequency	Access
Access Definition Report	Monthly	SSA, SI, LASA
WIC ACH Report	Daily Cutoff	SSA, SI, LASA
Adjustment Activity Detail Report	Daily Cutoff	SSA, SI, LASA
Administrative Activity Report	Nightly	SSA, LASA
Administrative Terminal Failed Logon Report	Monthly	SSA, LASA
Administrative Terminal Last Access Report	Monthly	SSA, LASA
Batch Processing Summary Report	Immediately after files received from state are processed	SSA, SI
Card Issuance/Replacements Report	Monthly	SSA, LASA
Daily Activity by Unit Report	Daily Cutoff	SSA, SI
Daily Pending Activity by Unit Report	Daily Cutoff	SSA, SI
Daily State Issuer Report	Daily Cutoff	SSA, SI, LASA
Exceeded PIN Attempts Report	Monthly	SSA, SI, LASA
Excessive Card Replacements Report	Monthly	SSA, SI, LASA
Future Dated Benefits Exception Report	Daily Cutoff	SSA, SI, LASA
Host Average Daily Response Time Report	Monthly	SSA, SI,
Host Average Hourly Response Time Report	Monthly	SSA, SI
WIC Monthly Activity by Unit Report	Monthly	SSA, SI
Monthly Family Utilization Report	Monthly	SSA, SI, LASA
Monthly Manual Card Entry Report	Monthly	SSA, SI, LASA
Monthly Redemption Summary Report	Monthly	SSA, SI
Monthly WIC Rebate Analysis Report	Monthly	SSA, SI, LASA
Terminal Activity Report	Daily Cutoff	SSA, SI, LASA
Transaction Profile Report	Monthly	SSA, SI, LASA
Voucher Authorization Report	Daily Cutoff	SSA, SI, LASA
Voucher Expiration Report	Daily Cutoff	SSA, SI, LASA
Voucher Settlement Report	Daily Cutoff	SSA, SI, LASA

The security levels for AT users with report access are:

SSA – State Security Administrator

SI – State Inquiry

LASA – Local Agency Security Administrator

### 1.1. Report Generation Times

The dates and times when reports are generated depend on the type of report:

**Cutoff Reports** are generated daily at the specified cutoff time (3:30 p.m. EST for Michigan).

Cutoff reports are identified in this manual by this **Frequency** statement: "Daily, based on cutoff time."

**Nightly Reports** are generated each night after midnight, usually at 12:01 a.m. EST, unless otherwise indicated.

Nightly reports are identified in this manual by this **Frequency** statement: "Nightly, based on calendar day."

**Monthly Reports** are generated on the first day of each month, after midnight (12:01 a.m. EST) of the first day of the month.

Monthly reports cover the previous month, so a monthly report that is generated at 12:01 a.m. on October 1st covers the month of September. It is available to the user at the start of normal business hours the first day of October.

Monthly reports are identified in this manual by this **Frequency** statement: "Monthly, based on previous month's activity."

#### **Monthly Report Frequency Exceptions:**

The following two (2) Monthly reports cover a different reporting period and report availability then described above.

- **Family Utilization Report**  
This report is generated on the 9th of each month reporting on data from 2 months back. For example, the report generated on March 9, 2007 will be for January 2007 data, the report generated on April 9, 2007 will be for February 2007 data and so on.
  
- **WIC Rebate Report**  
This report is generated on the 5th of each month reporting on data for the previous month. For example, the report generated on March 5, 2007 will be for January 2007 data.

### 1.2. WIC ACH Report

This report shows the payment to retailers for the transaction activity for a given settlement date, providing detailed information about Contractor's routing numbers, bank account numbers and the amount retailers will be credited/debited for a given settlement date.

### 1.3. Daily State Issuer Report

This report shows WIC financial activity for a given settlement day, including the daily financial total to be settled between the State and Contractor.

The totals on the State Issuer Report should reconcile to the ACH file as well as the Administrative Terminal State Issuer Screen.

### 1.4. Daily Activity by Unit Report

This report shows the daily activity by unit for each category/subcategory combination. Units are reported at the issuance Cat/Subcat level. The beginning balance and the transactions that occurred during a particular settlement day's activity nets to the ending balance of each category/subcategory. The net of this activity provides the state their current liability at the

system cutoff each day. Units are grouped by category/subcategory with a total at the category level.

For each Cat/Subcat, if the units for all columns are zero, then the Cat/Subcat row will not be displayed.

**1.5. Daily Pending Benefit Activity by Unit Report**

This report shows the daily activity by unit for pending benefits (benefits that have not yet been made available) for each category/subcategory combination. Units are reported at the issuance Cat/Subcat level. The beginning balance plus the new future deposits, less the deposits that have been available during a particular settlement day's activity nets to the ending balance of pending benefits for each category/subcategory. The ending balance provides the state their current future liability at the system cutoff each day. Units are grouped by category/subcategory with a total at the category level.

For each Cat/Subcat, if the units for all columns are zero, then the Cat/Subcat row will not be displayed.

**1.6. Terminal Activity Report**

This report shows the daily POS activity for each terminal at a WIC Authorized Retailer/SNAP Vendor/processor ID. It includes totals at a terminal level and WIC Authorized Retailer/SNAP Vendor level, as well as a grand total for the WIC Authorized Retailer/SNAP Vendor for a particular settlement date. A Terminal Activity Report is created for each "EBT-Only" WIC Authorized Retailer/SNAP vendor sending transactions directly to EBT System. A Terminal Activity Report is also generated for each Third-Party Processor (TPP) connected to EBT System (not for each WIC Authorized Retailer/SNAP vendor behind the TPP).

**1.7. Future Dated Benefits Exception Report**

This report shows two or more future benefits assigned to the same family ID with the same effective (start) date that has been authorized but are not yet available to cardholders.

**1.8. Monthly WIC Rebate Analysis Report**

This report illustrates the number of units of contract formula redeemed. Contract formula flag is identified in the category/subcategory update file (position 60). If this value is flagged "Y", then redemption of this particular subcategory will be included in the report. All infant formula is Category 11.

**1.9. Monthly Family Utilization Report**

This report shows the usage of benefits at the category level for the State. It tells the number and percentage of benefits for each category that were issued, redeemed, expired, and cancelled. This report is run on the 9th for benefits utilization of the month two months prior. For example, the report generated on March 9, 2007 will be for January 2007 data, the report generated on April 9, 2007 will be for February 2007 data and so on.

**1.10. WIC Monthly Activity by Unit Report**

This report shows the activity by unit for each category/subcategory combination during the reporting month. Units are reported at the issuance Cat/Subcat level. The beginning balance and the transactions that occurred during the month nets to the ending balance of each category/subcategory. The net of this activity provides the state their liability as of system cutoff the last day of the month. Units are grouped by category/subcategory with a total at the category level.

For each Cat/Subcat, if the units for all columns are zero, then the Cat/Subcat row will not be displayed.

**1.11. Monthly Redemption Summary Report**

This report shows the redemption activity for each category/subcategory combination during the reporting month. Units are reported at the issuance Cat/Subcat level. Units are grouped by category/subcategory with a total at the category level.

For each Cat/Subcat, if the units for all columns are zero, then the Cat/Subcat row will not be displayed.

**1.12. Adjustment Activity Detail Report**

This report shows data about adjustment corrections for client and retailer balances. When a client balance is adjusted, the number of available units of prescribed items is changed, never to exceed what was originally authorized. When a retailer is adjusted, the change is in dollars credited or debited.

**1.13. Administrative Activity Report**

This Report shows detailed information about transactions performed in EBT System through the Administrative Terminal by a WIC user. This includes transactions that result in a transaction being written to EBT System – inquiry transactions are not included. The report includes date/time, transaction type, and family ID if applicable (i.e. Family ID is not provided on Card type transactions). Transaction detail is listed by user and their corresponding WIC clinic (local Agency level). Summary Totals are provided for user ID, with State totals provided at the end of the report.

**1.14. Batch Processing Summary Report**

This report provides detailed summary information back to the State regarding each batch file received from the State. The report format is the same for each incoming file processed, except for the headers. The summary report headers are different because they identify the processed file covered by the report. If different errors are detected in processed files, the report sections that show error information will differ.

**1.15. Card Issuance/Replacements Report**

This report shows the numbers of cards being issued or replaced, identifies the source of the replacement Mail/OTC, and reason the card was replaced or reissued. The report also includes the total for each local agency ID and for the State.

**1.16. Voucher Authorization Report**

This report shows the outstanding manual authorizations that have not been settled to date. Totals are included at the end of the report.

**1.17. Voucher Expiration Report**

This report shows the outstanding manual authorizations not settled within the five (5)-day timeframe and now are expired. These units will be placed back into the client's account; if the benefit ending date has passed, the benefits will be placed back into the account and immediately expired.

**1.18. Voucher Settlement Report**

This report shows the vouchers that have been cleared through the POS terminal and settled during a particular cutoff timeframe. This report includes the dollar amount that the transaction was settled for. A voucher settlement summary is provided at the end of the report.

**1.19. Exceeded PIN Attempts Report**

This report shows a list of the family accounts that exceed the allowed number of four (4) invalid PIN entries during the month. Only family accounts that have locked their cards during the month due to invalid PIN attempts are shown. Each invalid attempt against a locked card will be included on the report. This report can be used by WIC staff and fraud investigators to assist in

identifying possible card theft or misuse of the card, or clients who need training or help using their cards.

**1.20. Monthly Manual Card Entry Report**

This report lists approved transactions where the card number (PAN) was manually entered into the POS terminal, rather than swiped. It can be used by fraud investigators to detect potential fraud at a retailer location if an abnormal number of manual entries (as well as swiped transactions) are occurring at the location. This report can also be used to identify possible problems with POS equipment or client cards.

**1.21. Host Average Daily Response Time Report**

This report illustrates a summary of EBT System host response times for POS transactions within pre-established tiers for transactions. This report shows by day as well.

**1.22. Host Average Hourly Response Time Report**

This report provides a summary of EBT System host response times within pre-established tiers for POS transactions. This report shows by hours of day.

**1.23. Excessive Card Replacements Report**

This report shows cardholders who have received more than three replacement cards during the prior three calendar months. This report is totaled by local agency ID before a State grand total.

Note: The report will not include replacements made on the previous Contractors system. The report will only include replacements performed on EBT System.

**1.24. Transaction Profile Report**

This report displays POS transactions, and is cross-referenced by the response type of the transaction. This report provides the number of Approved and Denied POS transactions for Balance Inquiries, Purchases and Balance Inquiry for Purchase transactions. For purchases the total dollar amount is included.

**1.25. Access Definition Report**

This report shows details about AT Users roles, the Local Agency they are associated with, and the last date/time they had a change to their profile. This report also contains a section identifying the roles established by the State and the valid privileges within those roles.

**1.26. Administrative Terminal Last Access Report**

This report shows, by local agency, the last date and time that each user logged on to the AT. If a user was created but has never logged on, the date/time will indicate "never". This will allow the state to monitor all users' login.

In addition to the reports, EBT System also generates data files that are sent from Contractor to the MDHHS via FTP. These files contain information that allows the State to balance and reconcile both benefits and transactions. Below you will find an example of each.<sup>1</sup>

**1.27. WIC Account Activity**

Every calendar day at cutoff, EBT System will transmit to the State an account activity file containing the monetary details of all WIC purchase transactions, adjustments and reversals that occurred during the EBT System settlement day. The account activity file is considered a summary of each store transaction/redemption that occurred on the specific settlement date. Each completed transaction with a unique authorization number will be included in the file.

The following WIC Transaction codes will be included in this file:

---

<sup>1</sup> The detail information can be found in the ICD.

- a. 103 Account Adjustments
- b. 303 Account Adjustments (TPP)
- c. 305 Purchase Completions
- d. 310 Manual Authorization Clear
- e. 411 Reversal/Cancellation

This file provides the State the means of developing ad hoc reports and performing reconciliation activities to validate settlement totals provided by EBT System.

#### **1.28. Benefit Expiration File**

Benefits expire on the EBT System according to the benefit expiration date provided by the State on the Benefit Detail Record. Benefits expire at 12:01 a.m. on the day immediately after the benefit expiration date sent to EBT System from the State. The Expired Benefit file will be transmitted to Michigan WIC from EBT System on a daily calendar basis. This file will contain benefit-based information on expired benefits.

If a benefit reaches its ending date during the manual authorization hold period (five calendar days), and the manual authorization is not cleared (settled) in the allowable timeframe, upon expiration of the manual authorization hold, the benefit will not be made available to the cardholder(s). A benefit cannot be expired if there is a manual authorization hold and it is still in the allowable timeframe for manual authorizations to be cleared. If the hold is not cleared within the allowable timeframe, it will expire and be included in the Expired Benefit File.

#### **1.29. Vendor File**

The Vendor Activity File consists of daily WIC Authorized Vendor settlement transaction dollar totals and will be provided to the State on a daily basis at settlement. This information will be utilized by the State for internal purposes

#### **1.30. Benefit/UPC Redemption File**

Every settlement day, EBT System transmits to the State a Benefit/UPC Redemption file containing the benefit redemption level and UPC redemption level details related to all WIC purchase transactions and reversals as they were applied to the WIC family benefit grant records during the EBT System settlement day (origination day). WIC transactions will contain the UPC's of the items that were purchased.

The following WIC Transaction codes will be included in this file:

- a. 103 Account Adjustments
- b. 303 Account Adjustments (TPP)
- c. 305 Purchase Completions
- d. 310 Manual Authorization Clear
- e. 411 Reversal/Cancellation

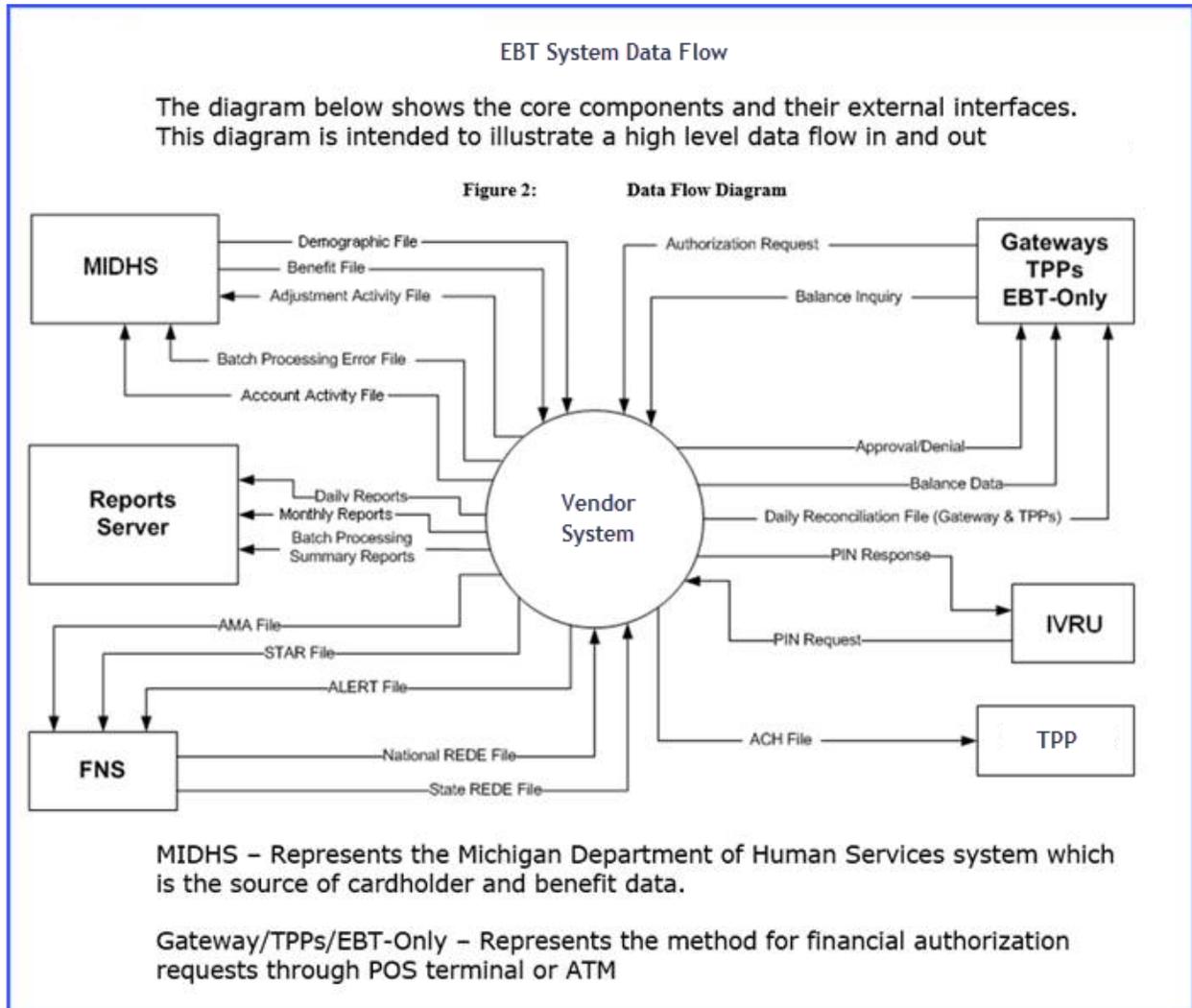
This Benefit/UPC Redemption file will provide the State the means of developing ad hoc reports and posting EBT transactions back onto M-TRACX. In addition, the file will also be utilized by the State in calculating statewide average prices.

#### **1.31. Adjustment File**

The Adjustment Activity File is generated daily by EBT System to enable the State to send client notifications or track adjustment activity for disputes filed by the client or retailer. This file is intended to provide information on key activities in the disputes process.

The State receives the file through FTP. Records are written out to the Adjustment Activity based on any actions taken on EBT System (via the Adjustment screens) to the status of an adjustment dispute.

### Attachment Q MDHHS EBT System Data Flow



**Attachment R**  
**Participating WIC Authorized Vendors and Single-Function POS Locations**

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**ATTACHMENT S  
MDHHS POS DEVICE MINIMUM SPECIFICATIONS**

**Hard Wired Point of Sale (POS) Device Minimum Specifications:**

**Processor:**

32-bit microprocessor.

**Memory:**

4 Mbytes

**Display:**

128 x 64 pixel LCD

**Magnetic Card Reader:**

Triple track (tracks 1, 2, 3), high coercivity, bi-directional.

**Primary Smart Card:**

ISO 7816, 3V, or 5V synchronous and asynchronous cards; EMV-certified.

**SAM Card Reader:**

2 or 4 SAMs optional

**Keypad:**

3 x 4 numeric keypad, plus 8 soft-function keys and 4 screen addressable keys

**Peripheral Ports:**

Two RS-232 ports and 1 telecom port support peripherals.

**Printer:**

Integrated thermal printer with graphics capabilities

**Dial:**

Bell 103/212a; ITU V.21/V.22/V.22bis/V.32/V.32bis — 300/1200/2400/9600/14.4 kbps; V.42 LAPM error correction.

**ISDN:**

DSS1 (Euro-ISDN) or 1TR6 (German National ISDN) ITU— V.110/V.120 in B channel; X.75, PPP, or HDLC in B channel; X.25 in B or D channels; X.31 in D or B channels (9600/64000 bps); ML-PPP (PAP or CHAP—MD5 or Microsoft CHAP variants).

**10BaseT Ethernet**

Standard RJ45 connection; supports general internet protocols: FTP, TCP/IP, UDP DNS, SMTP, POP3, MIME, HTTP, and Telnet; LAN internet protocols: ARP, ICMP and DHCP; 10 sockets (2 server sockets), AT+I application-level commands, SerialNET transparent session. Internet Security: SSL modem: Bell 103/212a, CCITT V.21/V.22/V.22bis, 300/1200/2400 bps, synchronous and asynchronous.

**Protocols:**

Application selects between asynchronous protocols (Visa 1, Visa 2, and others) and synchronous protocols (including ISO 8583/SDLC).

**Security:**

3DES encryption; DUKPT and Master/Session key management; PED certified; VeriShield file authentication.

**Wireless POS Device Minimum Specifications:**

**Processor:**

1.6GHz Quad Core A7 processor (or equivalent)

**Memory:**

1GB RAM, 8GB ROM

**Display:**

5", 720×1280 TVDPI display (320ppi)

**Pin Entry:**

On-screen PIN entry (with a solution for the visually impaired)

**Network Connectivity:**

Wi-Fi and 3G

**Card Reader:**

EMV chip card reader, NFC reader, and MSR reader

**Printer:**

Standard thermal receipt printer

Thermal receipt printer with 4.3" customer-facing display and NFC reader

## SCHEDULE I Federal Provisions Addendum

The provisions in this addendum may apply if the purchase will be paid for in whole or in part with funds obtained from the federal government. If any provision below is not required by federal law for this Contract, then it does not apply and must be disregarded. If any provision below is required to be included in this Contract by federal law, then the applicable provision applies and the language is not negotiable. If any provision below conflicts with the State's terms and conditions, including any attachments, schedules, or exhibits to the State's Contract, the provisions below take priority to the extent a provision is required by federal law; otherwise, the order of precedence set forth in the Contract applies. Hyperlinks are provided for convenience only; broken hyperlinks will not relieve Contractor from compliance with the law.

### 1. Federally Assisted Construction Contracts.

Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of federally assisted construction contract in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor." (2 CFR 200, Subpart F, Appendix II)

If this contract is a "**federally assisted construction contract**" as defined in [41 CFR Part 60-1.3](#), and except as otherwise may be provided under [41 CFR Part 60](#), then during performance of this Contract, the Contractor agrees as follows:

(1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:

Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

(2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

(3) The Contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the Contractor's legal duty to furnish information.

(4) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(5) The Contractor will comply with all provisions of [Executive Order 11246](#) of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(6) The Contractor will furnish all information and reports required by [Executive Order 11246](#) of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(7) In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in [Executive Order 11246](#) of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in [Executive Order 11246](#) of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(8) The Contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of [Executive Order 11246](#) of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance:

Provided, however, that in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

## 2. Davis-Bacon Act (Prevailing Wage)

- a. If applicable, the Contractor (and its Subcontractors) for **prime construction contracts** in excess of \$2,000 must comply with the Davis-Bacon Act ([40 USC 3141-3148](#)) as supplemented by Department of Labor regulations ([29 CFR Part 5](#), "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction").
- b. The Contractor (and its Subcontractors) shall pay all mechanics and laborers employed directly on the site of the work, unconditionally and at least once a week, and without subsequent deduction or rebate on any account, the full amounts accrued at time of payment, computed at wage rates not less than those stated in the advertised specifications, regardless of any contractual relationship which may be alleged to exist between the Contractor or subcontractor and the laborers and mechanics;
- c. The Contractor will post the scale of wages to be paid in a prominent and easily accessible place at the site of the work;
- d. There may be withheld from the Contractor so much of accrued payments as the contracting officer considers necessary to pay to laborers and mechanics employed by the Contractor or any Subcontractor on the work the difference between the rates of wages required by the Contract to be paid laborers and mechanics on the work and the rates of wages received by the laborers and mechanics and not refunded to the Contractor or Subcontractors or their agents.

3. **Copeland "Anti-Kickback" Act.** If applicable, the Contractor must comply with the [Copeland "Anti-Kickback" Act \(40 USC 3145\)](#), as supplemented by Department of Labor regulations ([29 CFR Part 3](#), "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"), which prohibits the Contractor and subrecipients from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.

4. **Contract Work Hours and Safety Standards Act.** If the Contract is **in excess of \$100,000** and **involves the employment of mechanics or laborers**, the Contractor must comply with [40 USC 3702](#) and [3704](#), as supplemented by Department of Labor regulations ([29 CFR Part 5](#)), as applicable.

5. **Rights to Inventions Made Under a Contract or Agreement.** If the Contract is funded by a federal "funding agreement" as defined under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

6. **Clean Air Act.** If this Contract is **in excess of \$150,000**, the Contractor must comply with all applicable standards, orders, and regulations issued under the Clean Air Act (42 USC 7401-7671q) and the Federal Water Pollution Control Act (33 USC 1251-1387). Violations must be reported to the federal awarding agency and the regional office of the Environmental Protection Agency.

7. **Debarment and Suspension.** A “contract award” (see [2 CFR 180.220](#)) must not be made to parties listed on the government-wide exclusions in the [System for Award Management](#) (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
8. **Byrd Anti-Lobbying Amendment.** If this Contract **exceeds \$100,000**, bidders and the Contractor must file the certification required under [31 USC 1352](#).
9. **Procurement of Recovered Materials.** Under [2 CFR 200.322](#), a non-Federal entity that is a state agency or agency of a political subdivision of a state **and its contractors** must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at [40 CFR part 247](#) that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.
10. **Americans with Disabilities Act.** This Act (28 CFR Part 35, Title II, Subtitle A) prohibits discrimination on the basis of disability in all services, programs, and activities provided to the public and State and local governments, except public transportation services.
11. **Drug-Free Workplace Statement.**

The Federal government implemented 41 U.S. Code § 8103, Drug-free workplace requirements for Federal grant recipients in an attempt to address the problems of drug abuse on the job. It is a fact that employees who use drugs have less productivity, a lower quality of work, and a higher absenteeism, and are more likely to misappropriate funds or services. From this perspective, the drug abuser may endanger other employees, the public at large, or themselves. Damage to property, whether owned by this entity or not, could result from drug abuse on the job. All these actions might undermine public confidence in the services this entity provides.

Therefore, in order to remain a responsible source for government contracts, the following guidelines have been adopted:

1. The unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the work place.
2. Violators may be terminated or requested to seek counseling from an approved rehabilitation service.
3. Employees must notify their employer of any conviction of a criminal drug statute no later than five days after such conviction.
4. Contractors of federal agencies are required to certify that they will provide drug-free workplaces for their employees.

Transactions subject to the suspension/debarment rules (covered transactions) include grants, subgrants, cooperative agreements, and prime contracts under such awards. Subcontracts are not included.